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Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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Agenda item 122: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Contribution made by the Department of Management to the improvement of management practices, and time-bound plan for the reduction of duplication, complexity and bureaucracy in the United Nations administrative processes and procedures (*continued*)

The meeting was called to order at 10 a.m.

Agenda item 126: Improving the financial situation of the United Nations

1. **Mr. Sach** (Controller) said, with respect to the current financial situation of the United Nations, that the Organization must have a strong and dependable financial base in order to carry out its tasks. His statement would focus on four main indicators of the Organization's financial health: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States.

2. Turning first to the regular budget, he noted that the levels of both assessments and payments were higher as at 7 October 2005 than they had been as at 30 September 2004, by $345 million and $247 million, respectively. The level of unpaid assessed contributions as at 7 October 2005 was also higher, by $14 million. However, 126 Member States had paid their regular budget assessments in full by 7 October 2005, two more than had paid in full by the end of 2004. The total amount outstanding for the regular budget as at 7 October 2005 was $739 million, over 90 per cent of which was owed by three Member States, and over 80 per cent of which was owed by the Organization's largest contributor. The final outcome for 2005 would therefore depend heavily on the actions taken by those three countries.

3. Based on current projections, the cash deficit for the regular budget would be significantly lower at the end of 2005 than it had been at the end of 2004, while the level of net cash in the combined General Fund, to which assessed contributions were paid, would be over $100 million higher. Although projections for the period October-December 2005 suggested an increasingly healthy month-by-month cash position, they assumed a repetition of the pattern of payments in 2004. On that basis, the Organization would receive over $400 million during the final quarter. Should there be any serious delay in those payments, especially those from the major contributor, the combined General Fund could still end the year in deficit.

4. A number of factors made it difficult to draw a comparison between the financial situation of peacekeeping operations and those of the regular budget and the international tribunals: the circumstances surrounding peacekeeping operations were often very unpredictable; the peacekeeping financial period ran from 1 July to 30 June, rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued up until the end of the mandate period approved by the Security Council for each mission, they were issued periodically throughout the year.

5. The amount outstanding for peacekeeping operations had exceeded $2.5 billion at the end of 2004, compared with a total amount of issued assessments of $5 billion. During 2005, payments had somewhat exceeded new assessments, including those issued on 27 September 2005. As a result, the total amount outstanding was over $400 million lower as at 7 October 2005 than it had been as at 31 December 2004. Seven Member States accounted for over 75 per cent of the total amount outstanding as at 7 October 2005, and two Member States accounted for over half the total.

6. Although the amount of cash available for peacekeeping as at 7 October 2005 had exceeded $2.2 billion, that amount had been divided among the separate accounts maintained for the different peacekeeping missions. The Organization was precluded from borrowing from the accounts of active peacekeeping missions, and the resources of the Peacekeeping Reserve Fund could be used only for new operations and expansions of existing missions.

7. Of the total amount of cash available in the accounts of closed peacekeeping operations, $262 million related to amounts payable for outstanding liabilities such as troop and equipment payments. Consequently, only $83 million could potentially be cross-borrowed for other accounts. During 2005 a significant part of that amount had been cross-borrowed for active peacekeeping operations and for the international tribunals. Given that very limited amount, and in view of the uncertainties surrounding the position of several accounts, the Secretary-General would propose that, for the time being, the cash held in the accounts of closed peacekeeping missions should be retained.

8. It was expected that the Organization would owe $779 million to Member States for troops and contingent-owned equipment at the end of 2005, compared with $549 million at the end of 2004 and a May 2005 projection of $628 million for 2005. The increase was due to a delay in the phasing-in of troops

for the United Nations Mission in the Sudan (UNMIS), delays in the signing of memorandums of understanding with troop providers, the deployment of additional troops and police to the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) and the United Nations Operation in Côte d'Ivoire (UNOCI), and a shortage of cash in some missions, including the United Nations Mission for the Referendum in Western Sahara (MINURSO), MONUC, the United Nations Peacekeeping Force in Cyprus (UNFICYP) and the United Nations Interim Administration Mission in Kosovo (UNMIK). In view of the current cash position of MONUC, it was unlikely that December payments would be made to its troop contributors.

9. Concerning the financial position of the international tribunals for the former Yugoslavia and Rwanda, he said that, as at 7 October 2005, 79 Member States had paid their assessments to both tribunals in full, compared with 74 as at 30 September 2004. The total amount received by 7 October 2005 was slightly higher than the amount received by 30 September 2004, and the outstanding amount of $73 million was significantly lower than the $111 million owed as at 30 September 2004.

10. Although there were some signs of progress, no fewer than 112 Member States still had amounts outstanding for one or both tribunals, and 10 Member States had made no contributions since the tribunals' inception. Moreover, while the total amount outstanding as at 7 October 2005 was less than the corresponding amount as at 30 September 2004, it was still significantly higher than the figure recorded at the end of 2004. Over 75 per cent of the outstanding amount was owed by just two Member States.

11. Thus far in 2005, cash flow for the tribunals had been significantly stronger than it had been in 2004. However, although projections indicated a net positive balance for the two tribunals at the end of the year, the International Criminal Tribunal for Rwanda would show a cash deficit of $9 million and the International Tribunal for the Former Yugoslavia would show a positive balance of $25 million. The tribunals would not be able to complete their work unless Member States met their financial obligations in a fuller, more timely fashion.

12. The General Assembly had authorized assessments totalling $43.3 million for 2002-2003 and 2005 for preparatory activities for the capital master plan. By 7 October 2005, the Organization had received payments of over $31 million. The plan's future implementation was currently under review.

13. Although there were some encouraging signs of improvement in the overall financial situation of the Organization, there was still cause for concern. The amounts outstanding were quite highly concentrated, and the positive projections were strongly predicated on the assumption that a relatively small number of Member States would make payments in line with their past pattern of payments. That underlined the continuing fragility of the Organization's financial situation, and it might still be necessary to cross-borrow from the very limited pool of unobligated funds in the accounts of closed peacekeeping operations. The financial health of the United Nations could not be assured unless Member States met their financial obligations to the Organization in a full and timely manner.

Agenda item 132: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*) (A/60/346)

14. **Ms. Galvez** (United Kingdom), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia; and, in addition, the Republic of Moldova and Ukraine, said that the Secretary-General's report (A/60/346) contained a substantial amount of information, presented in a clear fashion.

15. In a year when oversight had assumed an enhanced and more visible significance for the management of the United Nations, the European Union welcomed the attention paid by the Office of Internal Oversight Services (OIOS) to areas of high risk and vulnerability, such as procurement. The European Union was also grateful for the considerable efforts made to investigate incidents of sexual exploitation and abuse in peacekeeping missions.

16. Although the European Union remained concerned at the insufficient level and rate of implementation of OIOS recommendations, it noted

that the Secretary-General had established the senior management oversight mechanism requested by the General Assembly in resolution 59/272, and trusted that the mechanism would become operational in the near future.

17. Having taken note of the problems that had arisen between OIOS and the United Nations funds and programmes with regard to the availability of funds, the European Union agreed with OIOS that the fulfilment of audit or investigation requirements should not depend on the willingness of the audited or investigated body to pay for such services. The funds and programmes were responsible for ensuring that their audit needs were met and properly financed.

18. The European Union remained concerned at the scope and quantity of the problems that had arisen in peacekeeping missions. The attention of the Security Council should be drawn in particular to the many cases of alleged corruption concerning Pristina airport and to other issues at UNMIK. The European Union hoped to see a decline in the number of such incidents as a result of expanded coverage by OIOS auditors and investigators. Full cooperation between the Department of Peacekeeping Operations and OIOS was more important than ever in order to ensure that the appropriate controls were introduced and enforced.

19. OIOS and the Joint Inspection Unit (JIU) should carefully coordinate their activities in order to avoid duplication of effort and ensure mutual reinforcement. In that regard, the European Union welcomed the joint report of JIU and OIOS on the strengthening and monitoring of programme performance and evaluation (A/60/73). It also welcomed the efforts of OIOS to strengthen the results-based management culture within the United Nations as a way to make the Organization's work and use of resources more effective.

20. The European Union shared the concerns of OIOS regarding the potential conflict of interest arising from the processing of OIOS budget requests through the Department of Management, and favoured the establishment of an external oversight committee to advise the General Assembly and to ensure the budgetary independence of OIOS.

21. The external evaluation of auditing and investigation in the United Nations and the specialized agencies which the General Assembly had called for in the 2005 World Summit Outcome must be objective, independent and comprehensive. At the same time, the strengthening of the capacity, expertise and resources of OIOS should be addressed during the sixtieth session of the General Assembly and should not be deferred pending the outcome of such an evaluation. The European Union had noted the shortage of specialized expertise in areas such as forensic or information technology auditing, and was concerned that there had been insufficient capacity to deal with the full range of procurement contracts. Such deficiencies should be addressed as a matter of urgency, and the Under-Secretary-General for Internal Oversight Services would be well advised to conduct an internal needs assessment in the coming weeks. In the absence of an independent advisory body, such an assessment should be validated through a peer review conducted by an external body before proposals were submitted by OIOS to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the General Assembly.

22. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, welcomed the information which the Secretary-General's report provided, on the implementation of OIOS recommendations. The Group of 77 and China remained convinced of the need for the full and effective implementation of oversight recommendations, and was pleased to note that savings had been realized as a result of OIOS recommendations. However, it was concerned that a number of OIOS recommendations had not been implemented by programme managers.

23. With respect to the Office's investigations of cases of sexual exploitation and abuse, the Group wished to reiterate that the relevant recommendations of OIOS should be carried out on the basis of General Assembly resolution 59/300. The Group also wished to reaffirm the role of the General Assembly as the principal oversight organ of the Organization, in accordance with its resolution 54/244.

24. Given that the General Assembly had reviewed the activities and reaffirmed the mandate of OIOS in its resolution 59/272, she was concerned that emphasis was being placed on audit and investigation at the expense of the critical area of evaluation, and would welcome the views of OIOS on the matter. With respect to the proposed establishment of a high-level oversight coordination mechanism, the Group believed that continued effective coordination and collaboration

among the internal and external oversight bodies of the United Nations system was necessary in order to optimize the use of resources and share experiences, knowledge, best practices and lessons learned.

25. **Ms. Stevens** (Australia), speaking on behalf of the delegations of Australia, Canada and New Zealand, said that it was crucial that the United Nations oversight system should be, and be seen to be, as independent as possible. She welcomed the request, in the 2005 World Summit Outcome, for an independent external evaluation of the auditing and oversight system of the United Nations, including the specialized agencies. The Outcome had also recognized the pressing need to strengthen the capacity of OIOS, and she was pleased that OIOS was conducting an internal review to identify specific urgent resource requirements.

26. The Secretary-General's report raised two issues of particular concern. First, it was not acceptable that OIOS investigations had been either reduced or, in some cases, eliminated because of the lack of an effective and enforceable mechanism for funding both audit and investigation activities in agencies with extrabudgetary funding. Second, she sought assurances about oversight activities in peacekeeping operations, with particular regard to conduct, and wished to know more about investigations into incidents of sexual exploitation and abuse in peacekeeping missions. She also asked whether increased OIOS activities had been effective in discouraging such conduct.

27. **Mr. Torres Lépori** (Argentina), speaking on behalf of the Rio Group, said that he was concerned at the low rate of implementation of OIOS recommendations, and urged all offices and departments to implement the recommendations as soon as possible. Second, he stressed the importance of referring to General Assembly resolution 59/300 on the elimination of sexual exploitation and abuse, which should form the basis for the recommendations of OIOS. Third, technical details on the proposals for the establishment of various committees should be provided so that the Committee could address the issue in an objective manner. Fourth, because the independence and strengthening of OIOS were vitally important to the effectiveness of internal oversight and accountability mechanisms, the relevant Fifth Committee decisions should be based on the results of the system-wide evaluation and technical details on the evaluation should be provided by OIOS, the Board of Auditors and JIU. Fifth, it was extremely important that internal oversight mechanisms' technical proposals should include oversight measures for the highest levels of the Organization.

28. Two further issues of particular importance to the Rio Group were those of procurement and poverty eradication. Measures should be introduced to increase the transparency, effectiveness and efficiency of procurement practices and to ensure that procurement policies and practices within the United Nations system effectively incorporated suppliers from all regions, and especially from developing countries.

29. He highlighted the importance of evaluating the United Nations poverty eradication efforts undertaken in the framework of the Millennium Declaration. As pointed out in paragraph 59 of the Secretary-General's report, the highly complex system of linkages that connected and coordinated the poverty eradication activities of Headquarters, regional and field offices was not conducive to the consistent and systematic transmission of knowledge, guidance and experience. The Rio Group supported the relevant recommendations of the Committee for Programme and Coordination (CPC), especially with regard to the need to improve the coordination of United Nations mechanisms to combat hunger.

30. **Ms. Lock** (South Africa) said that her delegation attached great importance to the work of the Organization's internal oversight mechanisms and had been encouraged by the remarks of the Under-Secretary-General for Internal Oversight Services to the effect that any review of OIOS must be objective, independent and comprehensive. OIOS was to be commended for its contribution to enhancing the effectiveness of programme implementation through the constant improvement of internal control mechanisms.

31. The Secretary-General's report gave Member States an opportunity to undertake an objective evaluation of the Organization's performance and use of resources. Her delegation welcomed the ongoing efforts of OIOS to refine the format of the report and to improve the quality of the information provided. The large number of reports submitted to the General Assembly during the period under review, the wide range of issues that they covered and the actual savings of $18 million achieved as a result of the implementation of OIOS recommendations

demonstrated the importance of having effective oversight mechanisms. The Department of Management should therefore make every effort to ensure the full implementation of OIOS recommendations, especially those that were deemed critical.

32. **Mr. El-Rashid** (Saudi Arabia) said that OIOS performed one of the most important functions in the United Nations in terms of internal oversight, detection of corruption and protection of the funds contributed by the Member States. The savings identified by the Office were most welcome. It also performed the important function of reducing the Organization's exposure to risks through its risk assessments in connection with the tsunami relief operations and the cases of sexual misconduct in peacekeeping missions, as well as through its auditing of procurement policies. The Office's production of a tutorial and glossary and its conduct of training to enhance programme performance monitoring and reporting were also most useful.

33. United Nations managers must attach utmost importance to acting on the main OIOS recommendations which had not yet been implemented. He hoped that the establishment of small OIOS offices in six peacekeeping missions would improve monitoring and limit corruption and that the conduct and discipline units established in some peacekeeping missions would be replicated in all of them. In the case of information technology, his delegation welcomed the Office's efforts to develop audit strategies to mitigate the risk of unauthorized persons' gaining access to sensitive material. It had been a useful move to establish a working group to draft the Organization's whistleblower protection policy.

34. **Mr. Sun** Xudong (China) said that the implementation rate of OIOS recommendations, especially the critical ones, was not encouraging. Furthermore, despite an implementation rate of 95.5 per cent for 2001-2002, one recommendation made that biennium still remained unimplemented. He hoped that the Secretariat would provide an explanation and that the high-level oversight coordinating mechanism would succeed in improving the implementation rate. The identification of a total of $35.1 million in recommended savings was of course welcome.

35. The extensive OIOS auditing of peacekeeping operations had exposed many problems, some of which could be avoided through strengthened management and accountability. As the number of problems declined as a result of improved administration, the OIOS resources saved would represent savings for the Member States. The Department of Peacekeeping Operations in particular should further improve its management of peacekeeping missions.

36. The Chinese delegation would welcome information about the root causes of the many problems identified at UNMIK and about any action taken by MONUC to end the fraudulent over-reporting of troop strength in its records. Since that problem had been found in some other missions as well, the Department of Peacekeeping Operations must lay down clear rules to correct it. Information as to the recovery of the $1.1 million mentioned in the previous year's report in connection with the abuse of the telephone billing system at the United Nations Mission in Ethiopia and Eritrea (UNMEE) would be welcome. The Chinese delegation would also like to know exactly why UNMEE had signed a contract with a private hospital for the provision of services.

37. The Office's hard work had saved millions of dollars for the Member States. Of course, that work needed further improvement, and the Chinese delegation was therefore in favour of giving OIOS greater independence in terms of budgetary and human resources management.

38. **Ms. Zobrist Rentenaar** (Switzerland) said that many of the issues covered in what was a clear and comprehensive report deserved to be pursued further. In particular, the implementation rate of OIOS recommendations was still too low, especially in the first six months after the issuance of critical recommendations. She hoped that the new Management Performance Board would produce an improvement in that regard.

39. In view of the inadequacy of oversight resources, it was imperative for the negotiations on appropriate funding arrangements to be concluded without delay. The Office's proposal to set apart a percentage of the budgets of new programmes and activities for internal oversight deserved support and would further strengthen its independence. Such a funding scheme should in fact be envisaged for all mandated programmes and activities; the proposal should be

taken up in the context of the external evaluation of OIOS.

40. With regard to the failure to conclude the discussions between OIOS and the United Nations Compensation Commission on the proper scope of the audit of the Commission, her delegation drew attention to paragraph 3 of resolution 59/270 and paragraph 11 of resolution 59/271, which requested the Secretary-General to ensure that OIOS continued to provide internal oversight of the Commission's entire claims process.

41. The management of peacekeeping operations was one of the areas of biggest risk to the Organization. A more detailed account of the findings of the OIOS survey of discipline in peacekeeping missions would therefore be welcome. Her delegation would also like to learn from the Department of Peacekeeping Operations what action it intended to take to strengthen internal controls to prevent the widespread theft of fuel by staff and troop contingents.

42. The comprehensive tsunami relief risk assessment was welcome, and the Office should take the lead in the joint audit of the relief efforts in order to ensure proper accountability for funds amounting to $1 billion.

43. Switzerland supported the suggestion to modify the title of the agenda item, for that would be in line with the new reporting procedure established in General Assembly resolution 59/272, under which OIOS reports were to be submitted directly to the Assembly.

44. Simply to approve additional posts for OIOS was not an adequate response to the call in the 2005 World Summit Outcome for a significant strengthening of OIOS resources. Such strengthening must be based on a needs assessment produced in the near future, separately from the independent external evaluation of the oversight system.

45. **Ms. Patterson** (United States of America) said that the new Under-Secretary-General had assumed her responsibilities at a critical time for the United Nations, when its accountability, transparency and integrity were evidently in need of substantial strengthening. The Office's work was of key importance to the viability and effectiveness of the United Nations, and the World Summit had identified Secretariat and management reform as a central priority.

46. The report illustrated why the Office's work remained so crucial to the Organization's effective functioning. The Office was to be commended for identifying $35.1 million in recommended savings and for actually saving and recovering $18 million. Immediate action should be taken to realize the other savings recommended but not yet achieved.

47. At a time when the United Nations had come under repeated criticism for alleged fraud, abuse and mismanagement, there must be a renewed effort to expedite implementation of all the OIOS recommendations, particularly the nearly 800 identified as critical. Programme managers who ignored oversight recommendations must be held accountable. The broad range of the 266 oversight reports issued during the reporting period illustrated the complexity of the task and the breadth of knowledge required for the fulfilment of oversight responsibilities.

48. Since the United States strongly supported the commitment made in the 2005 World Summit Outcome to substantially improve the United Nations oversight and management processes, it was eager to learn what action had been taken in response to the General Assembly's call for the significant strengthening of the expertise, capacity and resources of OIOS; the submission by the Secretary-General of an independent external evaluation of the audit and oversight system and of detailed proposals for the creation of an independent oversight advisory committee; and the examination by OIOS of the feasibility of providing oversight to other United Nations agencies.

49. Taking advantage of the increased transparency provided for in General Assembly resolution 59/272, the United States delegation had asked to see many OIOS reports and had thus gained an even better understanding of the problems of building a culture of accountability at the United Nations. In one of its audit reports, OIOS had determined that United Nations staff members had violated procurement rules. Information about the action taken to hold those staff members accountable would be welcome, as would more details of the action taken in connection with instances of theft, collusion between staff members and vendors, misuse of equipment, and waste. It was important to send a clear signal that persons who reported fraud and

mismanagement would be protected. Her delegation would welcome a status report on the Organization's whistleblower protection policy and an indication of how many staff members had been granted whistleblower status.

50. The United States delegation welcomed the strategic initiatives already launched by OIOS and the increased focus on audits in the Department of Peacekeeping Operations and the Office for the Coordination of Humanitarian Affairs. It assumed that efforts had been made to address the lack of skilled auditors in the area of information and communication technology.

51. **Ms. Udo** (Nigeria) said that the Office's achievement of $18 million in savings and recoveries was commendable. Noting that the rate of implementation of the Office's recommendations was about 50 per cent, she asked for a further update on the implementation of the remaining recommendations, some of which were classified as critical. She also asked whether consideration had been given to the possibility of ploughing a percentage of the savings realized from OIOS recommendations back into other investigations which lacked resources.

52. The idea of modifying the relevant agenda item so as to bring it into line with the new reporting procedure set out in General Assembly resolution 59/272 deserved consideration. She wondered whether the additional resident auditor posts had been filled and whether they had made an impact on the Office's work.

53. It was encouraging that the Department of Peacekeeping Operations and the peacekeeping missions were implementing the audit recommendations and that conduct and discipline units had been established in a number of missions. Nigeria also welcomed the improvements in rations contracts in UNMEE and the United Nations Mission of Support in East Timor (UNMISET), the decision by MONUC to take advantage of early payment discounts for the supply of rations and the strengthening of the evaluation of contractor performance and food quality controls in the United Nations Mission in Liberia (UNMIL).

54. Since the welfare and security of troops was a paramount concern, there might still be a need for a rethinking of security operations, especially in the light of the deficiencies noted in the report. Since a comprehensive strategy for security management was supposed to have been put in place throughout the United Nations system, why had a security strategy not yet been developed for the Economic Commission for Africa? It would be useful to know whether the findings of the OIOS audit of the administration of staff entitlements could be used to address the real causes of the high vacancy rates at some duty stations.

55. Nigeria had been pleased to learn that, thanks to the Office's audit work, the United Nations Office for Project Services had remitted funds on behalf of the Office of the United Nations High Commissioner for Human Rights to contractors for completed projects and that the operations which the United Nations Office on Drugs and Crime was carrying out in Nigeria, Afghanistan and Bolivia were functioning well.

56. Adequate precautions must be taken to project a positive image of the United Nations in connection with the tsunami relief efforts; all of the relevant OIOS recommendations must be fully implemented, and the Office must ensure proper coordination of the work of all United Nations organizations involved in the relief operations, as well as coordinating its own activities with those of other United Nations oversight bodies.

57. Although the Office had issued 154 audit reports and 691 recommendations on procurement since 2000, the number of recommendations implemented and the current status of the common procurement management system were not clear. Updated information on the subject would be welcome.

58. Her delegation commended OIOS on its first thematic report, on evaluation of linkages between Headquarters and field activities in the area of poverty eradication, which had been presented to the Committee for Programme and Coordination (CPC). It would discuss that issue further in the context of the Fifth Committee's consideration of the CPC report.

59. On the question of the discussions between OIOS and the United Nations Compensation Commission, the Nigerian delegation joined other delegations in noting that the General Assembly had given its ruling on the subject in paragraph 11 of resolution 59/271.

60. **Mr. Berti Oliva** (Cuba) said that he appreciated the work of OIOS and that its current annual report showed an improvement in quality. The General Assembly, in its resolution 59/270, had noted the description of the Office's mission as outlined in its

annual report (A/59/359), and in that regard had stressed that the Office's mission should be in full conformity with its mandate, as approved by the Assembly in its resolution 48/218 B. However, the description of the Office's mission contained in paragraph 1 of the current year's report (A/60/346) was identical to the one contained in the preceding year's report; the Assembly's observation should have been taken into account. Moreover, paragraph 2 of the current report described the status of implementation of the key goals identified in the Office's 2004 self-evaluation, yet the Assembly had already analysed those goals in detail at the fifty-ninth session and had adopted resolution 59/272 in consequence. The report on the Office's operational independence requested in paragraph 15 of that resolution had not yet been submitted.

61. Paragraph 4 of the OIOS report referred to a recommendation contained in the interim report of the Independent Inquiry Committee headed by Paul A. Volcker. The General Assembly had not analysed the content of that Committee's report, and he wondered whether OIOS had implemented any other recommendations contained therein. He requested further details from OIOS on its cooperation with the Board of Auditors and the Joint Inspection Unit. Lastly, he recalled that the 2005 World Summit Outcome had requested an external evaluation of the Organization's oversight system and that his delegation had expressed reservations concerning that request. He hoped that adequate justification and technical details would be provided in respect of the evaluation so that the General Assembly could take appropriate action.

62. **Mr. Ramlal** (Trinidad and Tobago), after voicing his delegation's support for the independence and strengthening of OIOS, said that the savings of $18 million achieved over the past year underscored the effectiveness of the Office's work. Much remained to be done, however, if the General Assembly's consistent call for the full implementation of all the Office's recommendations was to be answered. There had been a disturbing tendency in recent times to throw resources at problems in the hope of resolving them. The issue of safety and security was a case in point. Problems must be carefully assessed and possible means of addressing them must be thoroughly analysed; that approach also applied to deficiencies in the oversight function.

63. There was some cause for con
element of the Office's mandate wa
Paragraph 13 of General Assembly reso
had reaffirmed the vital importance of
function. Yet, in the past, there h
overwhelming a preoccupation with t
investigation functions, perhaps to the
evaluation. He took it that the omissio
much deliberate as due to the fact that p
not well thought out. Similar doubts are
the so-called United Nations Oversight C
was being established pursuant to Gene
resolution 59/272. The term might well b
the phrase "oversight committee" had
entirely different from the function of t
which could more accurately be termed
follow-up and coordination mechanism. T
objective of the new body must be to e
and effective implementation of a
recommendations, in line with the
paragraph 8 of General Assembly resol
His delegation shared the concern expre
advisory body that called into
independence of the oversight bodies.

64. **Mr. Sena** (Brazil) drew attention
report on the evaluation of linka
Headquarters and field activities: a re
practices for poverty eradication in the
the United Nations Millennium
(E/AC.51/2005/2), which had been sub
Committee for Programme and Coordina
its forty-fifth session. Concluding, inter
highly complex system of linkages betwe
eradication activities of Headqu ters
regional and field offices was not con
consistent and systematic transmission o
guidance and experience, the report rec
enhanced strategic approach to system-wi
management networks and more collabo
country teams within the United Nations
eradication of poverty and hunger wa
significance and must be tackle
comprehensive, multisectoral and
approach. His delegation would welcom
on the implementation of th
recommendations, which had been ende
during informal consultations.

65. **Mr. Elji** (Syrian Arab Republic) sai
Assembly resolution 59/272 had laid the

greater independence in the work of OIOS and for its relations with the Secretariat, and had been decisive in improving the quality and accuracy of its reports. Despite the general high quality of the report on the work of the Office (A/60/346) and the valuable information that it contained, his delegation noted that in respect of some of the issues mentioned, the Office had exceeded its mandate. It was important to avoid issues that should be dealt with solely by the legislative organs. His delegation would revert to that matter in the informal consultations.

66. With respect to the Office's exercise of its audit functions, his delegation had noticed that the report referred to the lack of the expertise that it needed to undertake some of its functions, including the lack of auditors specializing in information and communications technology. Such shortcomings should be addressed through the recruitment of staff with the necessary expertise. He then referred to a report on the review of the appeals process at the United Nations which was not of high quality and had been prepared by a former staff member who was neither a legal scholar nor a specialist in administrative law. He called on the Office, in that connection, to exercise care in the selection of outside experts.

67. Referring to the auditing of the accounts of the United Nations Compensation Commission, his delegation was concerned that the Commission continued to prevent the Office from exercising oversight of all aspects of the settlement of claims, including the legal aspects, and was concerned at the Commission's failure to implement 17 critical recommendations since 2002. It was surprised that OIOS had referred in its report to the legal opinion of the Office of Legal Affairs on the memorandum of understanding between the Office and the Commission, pointing out that General Assembly resolutions 59/270 and 59/271 provided a legal mandate to review the claims procedure. His delegation considered that the opinion of the Office of Legal Affairs was therefore irrelevant, and requested clarification in that regard.

68. In connection with the United Nations Joint Staff Pension Fund, his delegation noted that the Office had concentrated on monitoring the Fund's investments and administration while neglecting the beneficiaries who faced problems as a result of administrative shortcomings. Large sums were deducted from the entitlements of many beneficiaries because transfers were made through intermediary banks. That was contrary to the rules of the Fund, under which beneficiaries should receive their entitlements in full. The adoption by the Fund of a single bank for deposits and transfers entailed serious risks. That matter should be investigated by the Office, and his delegation requested clarification as to why that issue had not been covered in the report.

69. Evaluation and monitoring was one of the most important tasks of the Office because it ensured effective implementation of legislative mandates. He was disappointed, therefore, that the report did not underscore the importance of the Monitoring, Evaluation and Consulting Division, which had performed its tasks despite the meagreness of its resources.

70. Noting that the report referred to the role of the Office in reporting on evaluation policies and practices in the United Nations system, his delegation wondered whether that was consistent with the Office's mandate, particularly as that function was usually entrusted to external audit bodies. Moreover, the report concentrated on financial savings without giving due emphasis to the quality of the outputs and performance of the Secretariat within legislative mandates; the business of the Office should be to report on the best financial and economic practices with a view to achieving the required quality.

71. With regard to investigation, his delegation was pleased that its request at the previous session that the Investigations Division should be strengthened in terms of financial and human resources had been followed up, but was concerned to note from paragraph 101 of the report that responsibility for handling certain lower-risk investigations was being given to programme managers, and requested clarification of that matter.

72. In annex II, section B, on the status of recommendations, his delegation noted that the Office of Human Resources Management was expected to implement recommendations relating to possible discrimination with regard to nationality, race, sex, religion and language in recruitment, promotion and placement, and wondered how the recommendations could be implemented, given that the General Assembly had found that they were incompatible with established policies on reports relating to human resources. He asked the Office of Human Resources

Management to clarify that matter and to correct the error.

73. **Mr. Farooq** (Pakistan) said that, while it was encouraging that the recommendations of OIOS had resulted in savings of $18 million, it was a matter of concern that, of more than 2,000 recommendations representing potential savings of $35.1 million, programme managers had implemented only half. There was a need for an institutional structure to ensure the full implementation of the Office's recommendations. Similarly, coordination and collaboration between the various United Nations oversight bodies were essential if resources were to be used efficiently. In that context, his delegation agreed that the terms of reference of the United Nations Oversight Committee that the Secretary-General intended to set up in pursuance of General Assembly resolution 59/272 would need to be reviewed in order to ensure that the proposed committee's establishment fully addressed the request contained in the resolution. His delegation fully supported the independence of the Office and believed that strengthening it and its accountability to the General Assembly would help to address concerns about mismanagement at the United Nations.

74. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services) said that her Office would provide detailed answers on all the concerns raised. With respect to the independence of the Office, the amount and modalities of the Office's funding were a major problem. For example, one of the Office's major auditors played an important role in decisions on its regular-budget funding, and OIOS managers spent a significant amount of time persuading the funds and programmes that they needed audit services and should pay for them. Another difficulty was the weakness of mechanisms for enforcing recommendations. With respect to the Office's reporting structure, there were no formal channels for the transmission of OIOS reports to the Security Council. All the Office's shortcomings would be addressed in an objective, independent and comprehensive review, from which the appropriate conclusions would be drawn. Indeed, she was exploring the possibility of fast-tracking the review so that there would be a solid basis for deciding on a proper structure and adequate financing for the Office.

Agenda item 122: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 132: Report of the Secretary-General the activities of the Office of Internal Oversight Services (*continued*)

Report of the Office of Internal Oversight Servi on the inspection of programme and administrative management of the subregional offices of the Economic Commission for Africa (*continued*) (A/60/120)

Agenda item 121: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

Agenda item 122: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Measures to strengthen accountability at the United Nations (*continued*) (A/60/312 and A/60/418)

Agenda item 122: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Contribution made by the Department of Management to the improvement of managemer practices, and time-bound plan for the reductio of duplication, complexity and bureaucracy in t United Nations administrative processes and procedures (*continued*) (A/60/342 and A/60/41

75. **Ms. Taylor Roberts** (Jamaica), peaking behalf of the Group of 77 and China, said that Group welcomed the report of OIOS or the inspect of programme and administrative management of subregional offices of the Economic Commission Africa (A/60/120). The Commission and subregional offices played a significant role in supp of the New Partnership for Africa's Developm (NEPAD). Those offices must therefore have clea stated mandates and responsibilities, qualified staff adequate resources and infrastructure. In additi there must be close coordination between subregional offices and the Commission. The Gr noted with satisfaction that the Commission

cooperating fully with OIOS with a view to implementing its recommendations.

76. While the Group welcomed the efforts to strengthen accountability at the United Nations, it regretted that such efforts had begun not in response to the numerous calls by Members, but rather as a reaction to widespread allegations that had adversely affected the Organization's credibility. Any accountability framework must be founded on the principle that the General Assembly was the primary oversight body and that the Secretariat was accountable to it. Furthermore, there must be clear lines of authority and responsibility.

77. The General Assembly, in its resolution 57/278 A, had called for a comprehensive review of governance structures, principles and accountability throughout the United Nations system. The review was already long overdue, and the Group therefore noted with concern that its outcome would not be submitted to the Assembly until its sixty-first session. The review should be conducted as soon as possible in accordance with international best practice. At the same time, the unique international character and the purposes of the United Nations should be taken into account. The review should focus on programme delivery, as well as resource management; its terms of reference should be submitted to the Committee for review.

78. The problems that arose in the Organization could not be addressed merely through the creation of new structures and the provision of additional resources. Such structures must be well thought out so that they would have clear objectives and make a demonstrable contribution to improved management. In that connection, the Group wished to know how the new entities referred to in the report of the Secretary-General on measures to strengthen accountability at the United Nations (A/60/312) would enhance transparency and accountability in the Secretariat and whether the oversight bodies had been consulted prior to their establishment. It also wished to receive clarification concerning the functioning of the Management Performance Board in relation to the Oversight Committee, the measures taken to avoid duplication between the work of those bodies, the differences between the Policy and Management Committees and the Senior Management Group, and the interaction of those Committees with the United Nations System Chief Executives Board for Coordination and the High-level Committee on Management. The Administration should also explain the benefits of separating policy-setting and management functions, given the need for coherence and coordination between the various entities of the United Nations system on those matters.

79. The Group believed that staff members must not only be held accountable for the use of the Organization's resources but must also be required to demonstrate that their actions were aimed at attaining the objectives of the United Nations and implementing its mandates in a timely manner. There was a need for a transparent process to assess the achievements of managers with respect to programme delivery. In that connection, the effectiveness of the existing monitoring system and of self-evaluation by managers must be addressed. It was also important to develop a clear understanding of the respective roles and responsibilities of managers and of the oversight bodies regarding monitoring and evaluation. The Group maintained that management should assign responsibilities and set time frames for implementing the recommendations of the oversight bodies, while the oversight bodies should assess the reasonableness of the management response.

80. There was no clear distinction in the Secretary-General's report between audit committees and oversight committees. Indeed, it appeared that many organizations had established hybrids that combined elements of both types of committee. The report also failed to provide a clear assessment of experience with audit and oversight committees within the United Nations system and in other international organizations. Detailed information in that regard should be provided in the informal consultations on the report.

81. The Group shared the Advisory Committee's doubts about the appropriateness of the United Nations Oversight Committee's providing advice and suggestions on the priorities, long-term strategy and annual audit workplans of the oversight bodies, since that might call into question the independence of those bodies. The Fifth Committee should reflect on whether the terms of reference of the Oversight Committee fully addressed the General Assembly's request in its resolution 59/272. An indication of the qualifications of the external expert referred to in paragraph 6 of the Secretary-General's report (A/60/312) would be helpful.

82. The Group looked forward to receiving the terms of reference of the proposed United Nations Office of Ethics. It would also welcome a detailed explanation concerning codes of conduct and conflict-of-interest rules, since the information contained in the report lacked clarity. The General Assembly had not approved the establishment of a Conduct and Discipline Unit, either at United Nations Headquarters or in the field. The Secretariat should therefore clarify the reference to the Unit in paragraph 48 (c) of the Secretary-General's report.

83. Transparency was an important element of the system of accountability and decision-making. The comprehensive governance review requested by the General Assembly should assess whether information was managed in a transparent manner in the United Nations, whether its accuracy could be verified and whether it was used properly by managers when taking decisions. The Group welcomed any effort to make the selection and appointment of senior officials more transparent and more reflective of the international character of the Organization. It would appreciate additional information concerning the new selection process outlined in paragraphs 53 to 55 of the report. Procurement practices, too, must be more transparent, efficient and effective, and steps must be taken to ensure that suppliers came from all regions, including from developing countries. Concerning the external validation of the procurement system commissioned by the Secretary-General, the Secretariat should explain the terms of reference and current status of the review and indicate when its findings would be submitted to the General Assembly.

84. **Ms. Lock** (South Africa), referring to the report of OIOS on the subregional offices of the Economic Commission for Africa (ECA) (A/60/120), recalled that the adoption of General Assembly resolution 57/7 had been an important expression of international solidarity with the New Partnership for Africa's Development (NEPAD). In that context, ECA and its subregional offices played an important role in efforts to advance the development agenda in Africa. Her delegation welcomed the focus of OIOS on the management of the Organization's African offices. Since 2002 ECA had made considerable progress in aligning its activities and goals with the goals and priorities of NEPAD, as well as with the internationally agreed development goals. It therefore seemed logical that OIOS should shift its focus to the subregional outposts of the Commission.

85. She was pleased that the OIOS inspection had reaffirmed the importance of the subregional offices. The Secretary-General's report also highlighted a number of areas that required urgent action by the management of the offices and of the Commission, with the assistance of the Secretariat. Her delegation was therefore encouraged by the assurances that ECA was working constructively with OIOS to address those areas.

86. However, her delegation was concerned to learn that the mandated core functions of the five subregional offices were not supported by adequate resources, that their outreach in the subregions was limited, that coordination and support from ECA headquarters was weak and that the offices continued to face high vacancy rates. It was imperative to ensure that the development of Africa, which was one of the Organization's eight main priorities, received not only political support, but also more concrete and visible action.

87. **Mr. Chhatwal** (India) said that the Secretariat should issue a biennial report on accountability, beginning with a comprehensive report on the measures currently under way to be submitted to the General Assembly at its sixty-first session. While the Secretary-General's recent initiatives on accountability were welcome, much remained to be done. The establishment of committees and working groups could not of itself ensure that an effective system of accountability was in place.

88. The Secretary-General's report (A/60/312) recognized that the accountability framework at the United Nations should be based on a hierarchy headed by the General Assembly, yet the measures outlined therein related for the most part to the accountability of programme managers to their superiors within the Secretariat structure. The tools available to the Assembly, including the biennial programme performance report, were inadequate. He therefore trusted that efforts were being made to improve the format and timing of programme performance and evaluation reports, as requested by the Assembly in its resolution 58/269.

89. Transparency was an essential feature of any system of accountability. It could not, however, be defined solely in terms of availability of information.

Transparency must also exist at every level of decision-making and in the implementation of mandates. His delegation welcomed the steps taken to improve transparency in the selection and appointment of senior officials. The Secretariat should indicate whether the new procedures described in the report would also apply to under-secretaries-general, assistant secretaries-general and special representatives of the Secretary-General.

90. Another prerequisite for accountability was effective oversight. In that connection, there was a need to strengthen the capacity of OIOS. It was important for the Office to provide input for decisions in that regard, not only because it was best placed to determine which areas of its activities needed strengthening, but also because a larger role for OIOS in that process would help ensure its independence. Regrettably, the implementation of audit recommendations left much to be desired. In order to address that problem, the General Assembly had called for the establishment of a high-level follow-up mechanism to effectively feed findings and recommendations of OIOS, as well as relevant findings of the Joint Inspection Unit and the Board of Auditors, into executive management processes. The recently created Oversight Committee might not serve that purpose, however, owing to potential conflicts of interest faced by members appointed from the Secretariat.

91. With regard to the report of the Secretary-General on the contribution made by the Department of Management to the improvement of management practices, and time-bound plan for the reduction of duplication, complexity and bureaucracy in the United Nations administrative processes and procedures (A/60/342), his delegation agreed with the Advisory Committee that, in the absence of any quantification of the impact of the measures taken by the Department, its role in promoting improved management practices in the Secretariat was hard to evaluate. India nevertheless welcomed the report as the first such effort on the part of the Department, and looked forward to future periodic follow-up reports.

92. **Mr. Menon** (Singapore) said that his delegation supported the principle of reform as a means of rejuvenating the United Nations and ensuring its long-term effectiveness and relevance. However, reform must not be seen as having been undertaken simply in response to a crisis, criticism or even pressure from certain quarters. Every Member State, regardless of its share of the budget, owned an equal share in the United Nations and should therefore have an equal say on how it was run. Second, reform should be a constant, ongoing exercise in which systems were constantly updated. Third, management reform must be carried out at a pace that was comfortable for Member States and in a way that did not unduly affect the delivery of programmes and initiatives mandated by the General Assembly or erode the legislative powers of Member States. Due regard should be paid to existing rules and regulations, especially on administrative, budgetary and human resource matters. Fourth, if one objective of reform was to rehabilitate the Organization's image, better ways to deal with sources of bad news must be found. Admittedly, the Secretariat suffered from some systemic inadequacies with regard to transparency in decision-making and accountability, but the United Nations also received much criticism that it did not deserve, either because expectations were too high or because it was the target of unfair attacks from certain quarters. The use of the United Nations as a scapegoat was not new, but the multiplier effect of the modern mass media amplified bad news. It was worth bearing in mind that, whatever management reforms were implemented, the barrage of attacks against the Organization was unlikely to abate.

93. Related to management and Secretariat reform were the concepts of flexibility and accountability. It was worth asking, however, what "accountability" really meant, since it was viewed in various ways by different Member States. For some, it applied only within the hierarchy of the Secretariat in terms of responsibility for the management of General Assembly-mandated programmes. For others, it applied to the relationship between the Secretariat and the General Assembly. United Nations staff, however, as international civil servants, were accountable only to the Organization and the Secretary-General and not to any individual Government, including their own. Thus, while his delegation supported giving the Secretary-General greater flexibility, its view was that Member States would be amenable to according him such flexibility only when they were satisfied with the Secretariat's professional neutrality. There was also a tendency to devote undue attention to the financial accountability of United Nations staff. That was not surprising, given the recent developments, but accountability in the area of effective mandate and programme delivery was also crucial.

94. It was, moreover, important for accountability to be applied fairly and equitably at all levels so that no one, irrespective of nationality or position, was exempt. For example, in the case of the oil-for-food programme, no serious attempt appeared to have been made to point out the failure of the Security Council, and particularly of the permanent members, to prevent the breaking of sanctions. It was no secret that certain key permanent members of the Council had made the crucial decisions on the operation and oversight of the programme, yet the United Nations as a whole had had its reputation tarnished. Similarly, with regard to the revelations of sexual exploitation and abuse in peacekeeping operations worldwide, it was clear that such behaviour had gone uncensured for a long time. The question arose as to who should be held responsible for such inaction and what measures had been taken to bring them to account.

95. Another example of a lack of accountability was the recurring problem of the late issuance of documents, which was not being addressed through any concerted action by senior management. Departments within the Secretariat blamed one another and no one had been held accountable. Better coordination and more information-sharing were required between the various departments.

96. With regard to the Secretary-General's report (A/60/312), his delegation fully endorsed the view that there should be clearly defined responsibilities and performance expectations. It was also pleased to note the Secretary-General's action to enhance the accountability of senior managers. It doubted, however, whether the Management Performance Board, comprising mostly senior management and only one external expert, would be in a position to assess the performance of individual senior managers in an impartial manner. Perhaps the number of senior staff should be reduced and the number of external experts increased. Current efforts to strengthen the oversight mechanisms were also commendable, especially the insistence that bodies such as OIOS should be independent. It was also essential, however, that those bodies' recommendations should be effectively acted upon by programme managers. In that context, his delegation shared the concerns expressed in the ACABQ report (A/60/418) about the proposed United Nations Oversight Committee, which would essentially act as a high-level follow-up mechanism. His delegation looked forward to discussing the terms of reference, composition and working methods of that Committee. The Secretary-General's report omitted one key element: the need for sanctions, without which the proposed accountability measures would have no real impact and would be difficult to enforce. Serious consideration should be given to establishing a whole range of specific disincentives for failure to perform satisfactorily, including dismissal or the non-renewal of contracts. Such sanctions should apply at all levels. Conversely, staff whose performance exceeded expectations should be rewarded.

97. Reforms were needed not just because of recent failings but also because any good organization needed renewal. The United Nations, for all its shortcomings, was a good, solid organization. The irresponsible acts of a minority of its staff should not be a reason to condemn or, worse still, destroy it. Moreover, the core values and principles of the Organization must not be sacrificed in the quest for reform. The 2005 World Summit Outcome laid out a good blueprint for follow-up action in that regard.

98. **Ms. Lock** (South Africa) said that her delegation welcomed the report of the Secretary-General (A/60/312), which would provide a good point of departure for deliberations on the elements to be considered in the context of the comprehensive governance review. Both the Organization and the membership would benefit from an objective assessment of the mechanisms and processes required to enable the United Nations to meet its objectives, perform effectively, make efficient use of its resources, identify and manage risks and abide by good governance principles. As a first step, the review should consider whether the Organization had the necessary mechanisms, systems and processes in place to support proper decision-making, accountability and attainment of objectives. Next, it should assess whether those mechanisms, systems and processes were effective and robust in such areas as risk management, financial management, performance management, information management and internal controls and whether they provided reliable, quality information to the Secretariat and Member States. The oversight bodies had an important role to play in that phase of the review.

99. The review should also examine whether the Organization's internal decision-making processes and the actions of its staff were in line with its objectives. It should focus not only on the regulatory and financial

aspects of good governance, but also on broader principles such as good leadership and conduct consistent with organizational values. While the review must be comprehensive, it might need to be conducted in a phased manner. It should be based on a well-structured project plan with clear time frames for the submission of individual reports. The independent external evaluation of the United Nations oversight system called for in the 2005 World Summit Outcome could be undertaken in the context of the review.

100. **Mr. Elnaggar** (Egypt) said that his delegation fully supported the statements made by the previous speakers. It wished to reaffirm that the General Assembly remained the Organization's supreme authority on all aspects of oversight and accountability. The Assembly must consider those issues in a comprehensive manner so as to arrive at a clear vision and provide strong leadership in those areas. Without such a vision, and without clear direction from the Assembly, the new administrative structures established by the Secretary-General would not succeed in solving the problems facing the Organization. Proposals for strengthening accountability and oversight at the United Nations must be carefully thought out. In particular, they must take account of the roles and responsibilities of the existing oversight mechanisms and avoid encroaching on their independence. Such proposals could best be considered in the context of the comprehensive governance review requested by the General Assembly. Regarding that review, his delegation fully supported the proposals made by the representative of South Africa, and it trusted that the Committee would consider them in depth in informal consultations.

The meeting rose at 1 p.m.

United Nations A/C.5/60/SR.5

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Summary record of the 5th meeting
Held at Headquarters, New York, on Thursday, 13 October 2005, at 3 p.m.

Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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05-56569 (E)

The meeting was called to order at 3 p.m.

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Report of the Office of Internal Oversight Services on the inspection of programme and administrative management of the subregional offices of the Economic Commission for Africa (*continued*) (A/60/120)

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Agenda item 122: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Contribution made by the Department of Management to the improvement of management practices, and time-bound plan for the reduction of duplication, complexity and bureaucracy in the United Nations administrative processes and procedures (*continued*) (A/60/342 and A/60/418)

1. **Mr. Iosifov** (Russian Federation), recalling that the 2005 World Summit Outcome had placed special emphasis on the establishment of effective and efficient mechanisms for responsibility and accountability of the Secretariat, said that the existing system had clearly failed to satisfy the Member States, to make possible a genuine assessment of how well the Secretariat fulfilled its functions or to ensure that those functions were carried out at the least possible cost.

2. The aims set out in the report of the Secretary-General on measures to strengthen accountability at the United Nations (A/60/312) were largely well chosen, showing that the Secretariat had at last moved to implement earlier General Assembly resolutions and recommendations, including those of the Board of Auditors. However, the report lacked concrete proposals for a radical change in arrangements to ensure responsibility and accountability. His delegation believed that reconstituting the Accountability Panel as the Management Performance Board was a step in the right direction, and hoped that the Board would be more effective than its predecessor.

3. While supporting the efforts of the Secretary-General to promote effective follow-up of the reports of oversight bodies and implementation of the recommendations of the Board of Auditors, the Joint Inspection Unit and the Office of Internal Oversight Services (OIOS), his delegation had serious misgivings about the United Nations Oversight Committee's proposed range of responsibilities, which included providing advice and suggestions on the priorities, workplans and collaboration of oversight bodies, apparently even including external auditors. It agreed with the Advisory Committee's views on the matter, wished to hear those of the Board of Auditors and urged that discussion should continue.

4. A concern closely and directly connected with responsibility and accountability was evaluation of the work of Secretariat staff. The report portrayed the changes in the performance appraisal system, including the introduction — though it was unclear when — of an electronic format, as a breakthrough, but little had altered. The system still did not amount to a true human-resources management tool, as assessments were generally overgenerous, as in the past. His delegation would like some information from the Secretariat on the distribution of appraisals under the new strengthened system along with details on how far the Secretariat had taken account of the observations on accountability which the Advisory Committee had made in its first report on the 2006-2007 budget.

5. The Secretariat should reflect carefully on how to improve the operation of results-based management, which was inseparable from an accurate system of accountability. In addition, better methods of establishing objectives, tasks and expected results must be introduced. That would enable the Member States to make a genuine evaluation of the Secretariat's work. His delegation would take an active part in future debates on the issue, seeking clarification where

necessary, and hoped that the Secretariat would take account of all the considerations it had raised when taking action on the management issues referred to in the 2005 World Summit Outcome.

6. **Mr. Zongo** (Burkina Faso) said that the Economic Commission for Africa (ECA) made a vital contribution to economic and social development, to African integration and to the implementation of the New Partnership for Africa's Development (NEPAD). The Commission's subregional offices, in turn, made a contribution by helping ECA with overall policy analysis and technical assistance. For that reason, his delegation was concerned at the problems described by OIOS in its report on the inspection of programme and administrative management of the subregional offices of ECA (A/60/120). Any shortcomings which might undermine past achievements must be addressed. The subregional offices could also be made more effective through the clearer definition of their roles, better coordination, communication and information and the provision of adequate resources.

7. **Mr. Tal** (Jordan) said that efforts to improve responsibility and accountability, as a prerequisite for successful organizational change, must be comprehensive, non-selective and sustainable. His delegation considered that the credibility of the process of introducing — or even proposing — organizational change was as important as the aims of that process, and viewed the proposals in the report of the Secretary-General (A/60/312) in that light.

8. While reconstituting the Accountability Panel as a Management Performance Board and establishing a Management Committee and Policy Committee were potentially beneficial, his delegation wondered how the new structures would interact with senior managers to measure their performance impartially and effectively. While performance expectations and time frames for programme delivery were important for strengthening results-based budgeting and management, there must also be measures to deal with failure to meet those expectations and time frames.

9. In an intergovernmental organization such as the United Nations, and in the light of recent events, more oversight was always better. However, simplicity was a virtue: new structures and more layers of oversight could be counterproductive and result in an over-bureaucratic system that would not deliver the quality oversight which the Member States wanted. His delegation shared the concerns expressed in the relevant report of the Advisory Committee (A/60/418) regarding the proposed Oversight Committee, especially its members' independence, its small size and its responsibility for providing advice and suggestions on the priorities, long-term strategy and workplans of oversight bodies.

10. **Mr. Berti Oliva** (Cuba) said that, as other delegations had already raised most of the issues of concern to Cuba, he would limit himself to pointing out that the measures proposed to improve accountability had neglected one important consideration: the Secretariat must be accountable not only in its internal dealings, but also to the Member States. There were clear examples of problems in that regard, including late submission of documents and senior officials' statements on the role of the General Assembly.

11. **Mr. Farooq** (Pakistan) said that the Secretariat must be accountable in its internal business and in its dealings with the General Assembly. Management reform in the Secretariat would yield the desired results only if it was well structured, coherent and undertaken in a way that ensured a clear action-oriented outcome, with timelines for implementation and accountability for meeting targets. Transparency, a crucial component of more effective accountability, was most vital in staff selection and procurement, particularly to ensure that Member States were equitably represented in both areas.

12. Oversight structures must be independent and their recommendations must be followed up. While his delegation had noted the intention of the Secretary-General to set up an Oversight Committee, it agreed with the Advisory Committee's recommendation that the General Assembly should determine whether the Oversight Committee was a suitable response to the request contained in resolution 59/272. His delegation was also concerned that the report of the Secretary-General on the contribution made by the Department of Management to the improvement of management practices, and time-bound plan for the reduction of duplication, complexity and bureaucracy in the United Nations administrative processes and procedures (A/60/342) focused on the automation of certain processes, gave details of the current situation without providing a timeline and failed to assess the impact of the initiatives taken. It agreed with the Advisory

Committee on the need for more information on measurable efficiency gains and the time-bound plan.

13. **Mr. Repasch** (United States of America) said that it was essential for the United Nations to have the appropriate management and accountability systems in place and effectively operating before Member States asked the Organization to take on yet more responsibilities. The reports contained in documents A/60/312 and A/60/342 had been issued before agreement had been reached on the 2005 World Summit Outcome and did not provide the necessary time-bound plan for actual implementation or take account of the Outcome. While his delegation endorsed the Advisory Committee's recommendation that the Secretariat should provide a comprehensive follow-up report at the sixty-first session of the General Assembly, it also believed that the initiatives that had already been endorsed should proceed with all deliberate speed.

14. Turning to the report of the Secretary-General on measures to strengthen accountability at the United Nations (A/60/312), he said that the descriptions of audit and oversight committees in the United Nations system were useful, but did not provide the assessment that had also been requested. He trusted that the assessment would be used by the Secretariat in developing proposals for the independent oversight advisory committee whose establishment was to be considered by the Fifth Committee. He noted with satisfaction that the Secretary-General's report gave a description of how ethics issues had been incorporated into staff training programmes. He and several of his colleagues at the United States Mission had recently taken the test included in the relevant learning module and had been quite impressed by the questions and the information provided. They would like to know who in the United Nations was required to provide proof of having taken the test. The report also discussed the external validation of the procurement system. Given recent developments at the United Nations, including high-profile procurement irregularities, he would like to know the status of efforts to deal with what seemed to be a much bigger problem than most had thought.

15. With regard to the report of the Secretary-General on the contribution made by the Department of Management to the improvement of management practices, and time-bound plan for the reduction of duplication, complexity and bureaucracy in the United Nations administrative processes and procedures (A/60/342), he said that his delegation was pleased at the news of the turnaround of the United Nations Postal Administration and hoped that efforts to improve the rest of the Organization would yield similar results.

16. The report of OIOS on the inspection of programme and administrative management of the subregional offices of ECA (A/60/120) should be considered under a different agenda item because it was quite different from the broader reports on which he had just commented.

17. **Mr. Ng'Ongolo** (United Republic of Tanzania) said that his delegation attached great importance to the work of ECA and its subregional offices, which should play an active role as the operational arms of the Commission, as facilitators of subregional economic cooperation and integration and as important collaborators for the attainment of the goals set by the New Partnership for Africa's Development (NEPAD). His delegation therefore commended OIOS for its in-depth investigation of the subregional offices' activities. He hoped that ECA would take concrete measures to rectify its internal weaknesses, in response to the findings and recommendations of OIOS. One of the most serious external problems was the lack of adequate resources to finance ECA activities; his delegation therefore hoped that the Fifth Committee would give serious consideration to the challenges faced by ECA during its consideration of the proposed programme budget for the biennium 2006-2007, including the programme budget implications of the 2005 World Summit Outcome.

18. **Ms. Hurtz-Soyka** (Office of the Under-Secretary-General for Management) said that the United Nations Oversight Committee would be an internal management tool which would aim to provide the Secretary-General with the means to enhance the efforts of OIOS, the Joint Inspection Unit (JIU) and the Board of Auditors and to ensure that their recommendations were implemented expeditiously. The Committee would suggest solutions and approaches to the Secretary-General with a view to achieving results, as expected by Member States. It would not call into question the independence, quality or relevance of the audit reports and recommendations made by OIOS, JIU or the Board of Auditors; instead, it would be a complementary internal body that facilitated the implementation of their recommendations. Under its terms of reference, it

would have no involvement in setting the workplans or priorities of the oversight bodies. The responsibility of the Oversight Committee would simply be to advise the Secretary-General and to draw attention to the recommendations that had been approved by the General Assembly or accepted by the Secretariat. As a committee of peers, it would by definition be more objective in its treatment of oversight recommendations than a programme manager alone.

19. Turning to the report of the Secretary-General on the contribution made by the Department of Management to the improvement of management practices, and time-bound plan for the reduction of duplication, complexity and bureaucracy in the United Nations administrative processes and procedures (A/60/342), she pointed out that it described 23 management improvements that represented a substantial effort on the part of managers in the Department of Management. Responding to comments on the lack of quantification of the impact of the improvement measures, she drew attention to the report of the Secretary-General on the progress and impact assessment of management improvement measures (A/60/70), which provided some quantitative data on the impact of those measures.

20. Regarding the time-bound plan for eliminating bureaucracy and the need for a broader plan for improving the working methods of the Organization, she said that such a plan would be drawn from the proposals on management reform that the Secretary-General would be submitting to the General Assembly pursuant to the 2005 World Summit Outcome. The Department of Management was trying to complete and submit an analysis of best practices as soon as possible. Member States would be in a better position to take decisions once they received comprehensive proposals.

Organization of work

21. **Mr. Iosifov** (Russian Federation) said that, as the matters under discussion included Secretariat accountability to the Member States, he wished to express his dissatisfaction with the interpretation from Russian into English during the course of the meeting.

22. **Ms. Udo** (Nigeria) requested that the information just received from the representative of the Department of Management should be provided in writing.

23. **The Chairman** said that the Committee secretariat had taken note of the delegations' comments.

The meeting rose at 3.45 p.m.

United Nations A/C.5/60/SR.6

General Assembly
Sixtieth session

Official Records

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Fifth Committee

Summary record of the 6th meeting
Held at Headquarters, New York, on Monday, 17 October 2005, at 10 a.m.

Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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Agenda item 128: Scale of assessments for the apportionment of the expenses of the United Nations

Organization of work

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05-55572 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 128: Scale of assessments for the apportionment of the expenses of the United Nations
(A/60/11, A/60/66 and A/60/140; A/C.5/60/2)

1. **Mr. Sessi** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions (A/60/11), recalled that the General Assembly, in its resolution 55/5 B, had decided that the elements of the scale of assessments would be fixed until 2006. The Assembly must, however, consider whether it wished to adjust any elements of the methodology for the preparation of the scale for the period 2007-2009. In its resolution 58/1 B, the Assembly had requested the Committee on Contributions to continue to review the scale methodology and, in particular, to identify possible systematic criteria for deciding when market exchange rates (MERs) should be replaced by price-adjusted rates of exchange (PAREs) or other appropriate conversion rates for the purpose of preparing the scale of assessments. The Committee had undertaken an initial review of the scale methodology at its sixty-fourth session and an element-by-element review at its sixty-fifth session. It was important for the Committee to have adequate support for its work, especially in the context of its consideration in 2006 of the scale of assessments for the period 2007-2009. The Committee therefore trusted that the Fifth Committee would endorse its request to the Secretary-General to ensure that sufficient resources were made available for that purpose.

2. The starting point for the preparation of the scale of assessments was the measure of national income for each Member State. The Committee recommended in its report that the scale of assessments for the period 2007-2009 should be based on the most current, comprehensive and comparable data available for gross national income (GNI). The current scale, prepared in 2003, had been based on data covering periods through 2001, i.e., with a two-year time lag. The Committee had been informed that, owing to issues of data availability and reliability, the reduction of that time lag would be impractical. The scale of assessments for the period 2007-2009 would therefore be prepared using data for 2004. The situation would, however, be kept under review.

3. The next step in the scale methodology was to convert GNI data to a single currency, the United States dollar. The Committee recommended that conversion rates based on MERs should be used in preparing the scale of assessments for the period 2007-2009, except where that would cause excessive fluctuations and distortions in the income of some Member States, in which case PAREs or other appropriate conversion rates should be employed. At its sixty-fifth session, the Committee had considered a multi-layered proposal for a more systematic approach to deciding which MERs should be replaced in preparing the next scale of assessments. That approach, which was described in some detail in paragraphs 17 to 26 of the Committee's report, would involve examining cases of Member States whose levels of per capita GNI in United States dollars seemed clearly out of line with economic reality and Member States with a large proportionate change in per capita GNI in United States dollars, comparing data for the last three years of the base periods for the new and current scales. The Committee had decided that, in reviewing the scale of assessments for the period 2007-2009, it would use the proposed new approach in considering which MERs should be replaced. It had concluded that relative PARE was in general the most technically sound method of adjusting MERs, although other solutions might be needed in specific cases.

4. The scales of assessments for the periods 2001-2003 and 2004-2006 had been based on the average of the results of machine scales using base periods of three and six years. The Committee had considered the possibility of averaging the data for the two periods and running one machine scale. It had also considered the use of a single base period. There had been no agreement on either proposal, and the Committee had therefore decided to consider the question further at its next session in the light of any decisions by or guidance from the General Assembly.

5. The debt-burden adjustment had formed part of the methodology for preparing both the current and previous scales. However, members of the Committee had divergent views on the validity of the adjustment and on its application, with some members favouring a debt-flow approach in place of the debt-stock approach currently utilized. Regarding the possible use of the adjustment for the next scale, the Committee had noted with concern that changes in coverage by the World Bank and the Organization for Economic Cooperation

and Development (OECD) meant that debt data were not available for several countries after 2002. It had requested the Statistics Division to make every effort to obtain the necessary data for the countries concerned.

6. With regard to the low per capita income adjustment, some members of the Committee considered that the threshold below which the adjustment was applied should be the average per capita debt-adjusted GNI of all Member States, rather than Member States' average per capita GNI as in the current scale methodology. The Committee had also examined the problem caused by the discontinuity experienced by Member States that moved up through the threshold. Such Member States not only ceased to benefit from the adjustment but must also help to pay for it. The Committee had decided to consider questions related to the adjustment further at its next session based on additional information from the Statistics Division.

7. Concerning the minimum level of assessment, some members felt that the current floor of 0.001 per cent imposed an excessive burden on some Member States. However, others considered that it constituted a reasonable minimum to expect States to pay for membership of the Organization. In addition, some members had questioned the rationale for having a maximum rate of assessment for the least developed countries, since the ceiling for those countries, currently 0.010 per cent, benefited only a handful of Member States, which already benefited from other adjustments.

8. The Committee had also examined other possible elements for the scale methodology, including a systematic measure to phase in large scale-to-scale increases over the scale period. However, there had been no agreement on the need for such a measure. The Committee had decided to consider the matter further only if mandated to do so by the General Assembly. Some members supported annual recalculation of the scale, which, in their view, would better approximate Member States' capacity to pay and make increases in rates of assessment more gradual. Others considered it more likely that annual recalculation would lead to an annual renegotiation of the scale and would make Member States' assessments less stable and predictable. The Committee had decided to study the question further at its future sessions.

9. The results of the Committee's review of multi-year payment plans were contained in chapter IV of its report. In considering the matter, the Committee had had before it the related report of the Secretary-General (A/60/66). It had also been provided with updated information on the status of payment plans as at 24 June 2005. Five Member States — Georgia, the Niger, the Republic of Moldova, Sao Tome and Principe, and Tajikistan — had submitted payment plans as at 31 December 2004. The Committee had noted with appreciation that the Republic of Moldova had now completed payments under its plan. Georgia and the Niger had made full payments under their plans in 2005, while Tajikistan had almost met its commitments. Sao Tome and Principe had made its planned payments in 2002 but had since fallen behind. A payment plan had been submitted by Iraq in April 2005 but had subsequently been rendered moot by the transfer from the United Nations Iraq account of the bulk of the amount outstanding from that Member State. In addition, the Committee had been informed that the Government of Liberia intended to make a contribution of $50,000 every two months beginning in October 2005. However, the first payment had not yet been received. The Committee recognized the considerable efforts made by those Member States that had honoured the commitments made in their payment plans and urged those that had not to make every effort to do so.

10. The Committee had concluded that, although results so far were mixed, the system of multi-year payment plans had made a positive contribution in encouraging and assisting Member States to reduce their unpaid assessed contributions and in providing a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations. The Committee therefore recommended that the General Assembly should encourage other Member States in arrears to consider submitting payment plans.

11. The Committee had now considered measures to encourage the payment of arrears at eight successive sessions. However, of its earlier conclusions and recommendations, only those concerning multi-year payment plans had been adopted. In that connection, the Committee recalled and reaffirmed its earlier conclusion concerning the deadline for timely payment of assessments and its recommendation that the General Assembly should encourage Member States with both outstanding assessed contributions and

credits to authorize the Secretariat to apply such credits to the amounts outstanding so as to reduce assessments owed. The Committee had decided not to consider the question further unless it received guidance thereon from the General Assembly.

12. With regard to the application of Article 19 of the Charter of the United Nations, the Committee had noted with concern that the nature and quality of the information provided by Member States requesting exemption under that Article varied widely. In that context, it recommended that the General Assembly should again urge all Member States requesting exemptions to submit as much information as possible in support of their requests. Four of the Member States that had submitted requests for exemption under Article 19 by the deadline had presented multi-year payment plans. While recognizing that such plans were voluntary and should not be automatically linked to other measures, the Committee encouraged all Member States requesting exemption to consider, when possible, the submission of a multi-year payment plan.

13. The Committee had had before it requests for exemption from 10 Member States, namely, the Central African Republic, the Comoros, Georgia, Guinea-Bissau, Iraq, Liberia, the Niger, the Republic of Moldova, Somalia and Tajikistan. Two of those requests, those from Liberia and the Niger, had been received after the time specified in General Assembly resolution 54/237 C. Accordingly, the Committee had decided that it could take no action on them. In order to minimize such occurrences in the future, every effort should be made to remind Member States of the deadline.

14. Regarding the eight remaining requests, the Republic of Moldova no longer fell under the provisions of Article 19, and no action was required by the Assembly. The Committee had concluded that the failure of the Central African Republic, the Comoros, Georgia, Guinea-Bissau, Iraq, Somalia and Tajikistan to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond their control and recommended that they should be permitted to vote in the General Assembly until 30 June 2006. In the case of the Central African Republic and Guinea-Bissau, the Committee had noted their intention to submit multi-year payment plans and encouraged them to do so. It had noted a payment received from the Comoros and urged it to continue to make payments so as to reduce its arrears to the United Nations and to consider the possibility of submitting a multi-year payment plan. It had noted with appreciation that Tajikistan had continued to fulfil its commitments under its payment plan. The Committee, however, considered that, as a technical advisory body, it was not competent to take up the request from Tajikistan that its arrears for peacekeeping activities accrued before 2000 should be written off. As he had indicated earlier, Iraq no longer fell under the provisions of Article 19. Accordingly, the Committee's recommendation on that Member State was no longer relevant.

15. The requests for exemption under Article 19 had been considered by the General Assembly in plenary meeting on 14 July 2005. In its resolution 59/312, the Assembly had agreed that the failure of the Central African Republic, the Comoros, Georgia, Guinea-Bissau, Somalia and Tajikistan to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond their control. It had taken note of the information provided by Liberia and the Niger and, in addition, Sao Tome and Principe and agreed that their failure to pay the minimum amount necessary to avoid the application of Article 19 was also due to conditions beyond their control. It had decided that the nine Member States should be permitted to vote in the General Assembly until it took a final decision on their requests at the main part of its sixtieth session.

16. As at 24 June 2005, only one Member State, Chad, had been in arrears in the payment of its assessed contributions to the United Nations under the terms of Article 19 and had had no vote in the General Assembly. He was pleased to report that Chad had subsequently paid the amount necessary to restore its vote. Lastly, the Committee had noted that the Secretary-General had accepted the equivalent of over $800,000 in two currencies other than United States dollars that were acceptable to the Organization.

17. **Mr. Sach** (Controller), introducing the Secretary-General's report on the unpaid assessed contributions of the former Yugoslavia, contained in document A/60/140, recalled that in a letter dated 27 December 2001 to the President of the General Assembly, the Secretary-General had drawn attention to the question of the unpaid assessed contributions of the former Yugoslavia. There had been a number of developments since that time, including the consideration of the matter by the Fifth Committee in 2002, the entry into

force on 2 June 2004 of the Agreement on Succession Issues between the five successor States of the Socialist Federal Republic of Yugoslavia, and the application to the amounts outstanding of credits arising in respect of periods for which it had been assessed.

18. In light of those developments, and in light of the successive deferments of consideration of the Secretary-General's letter, it had been decided to issue document A/60/140, which recalled the various points raised earlier with respect to the matter. A total of $16,135,838 was currently outstanding from the former Yugoslavia. Credits of $26,000 and $37,712 respectively were also outstanding under the Working Capital Fund and the accounts of the United Nations Transition Assistance Group. The report distinguished between the outstanding debts of the former Yugoslavia at the date of the dissolution of the Socialist Federal Republic of Yugoslavia and those outstanding on 1 November 2000, when the former Yugoslavia had ceased to be a Member of the United Nations.

19. In accordance with the rules of general international law regarding the succession of States in respect of State debts, the United Nations might decide to request the five successor States to pay that part of the debts of the former Yugoslavia that had accrued prior to the dissolution of the Socialist Federal Republic of Yugoslavia. Under the rules of general international law, that part of the debt that had accrued subsequently would not pass to the charge of another State. However, since the previous Government of the Federal Republic of Yugoslavia (now renamed Serbia and Montenegro) had repeatedly claimed to represent the former Yugoslavia, Serbia and Montenegro might be considered to be estopped from denying responsibility for amounts arising after the dissolution of the Socialist Federal Republic of Yugoslavia.

20. In annexes to the report, the representatives of the five successor States had expressed the view that the full amount of the unpaid assessed contributions should be written off. During the debate in the Fifth Committee in 2002, the representative of Ghana had proposed that amounts arising after the dissolution of the Socialist Federal Republic of Yugoslavia should be written off and that the amount arising earlier should be divided between the five successor States. The General Assembly would need to consider whether to adopt one of the above approaches or to consider other alternatives.

21. Introducing the Secretary-General's report on multi-year payment plans (A/60/66), he recalled that in its resolution 56/243 A, the General Assembly had recognized that multi-year payments might be helpful in allowing Member States to demonstrate their commitment to pay arrears, thereby facilitating consideration by the Committee on Contributions of applications for exemption under Article 19 of the Charter of the United Nations. The Assembly had requested the Secretary-General to propose guidelines and recommendations for such payments through the Committee on Contributions.

22. After reviewing the Secretary-General's report, contained in document A/57/65, the Committee on Contributions had agreed on a number of conclusions and recommendations, which were contained in paragraphs 17 to 23 of the Committee's report on its sixty-second session (A/57/11). Those conclusions and recommendations had subsequently been endorsed by the General Assembly. In its report, the Committee had agreed that Member States should be encouraged to submit multi-year payment plans, and that the Secretary-General should be requested to provide information on the submission of such plans to the Assembly and to submit an annual report on their status.

23. The report before the Fifth Committee represented the Secretary-General's response to those requests. Four payment plans had been submitted prior to the adoption of General Assembly resolution 57/4 B: by Georgia, the Republic of Moldova, Sao Tome and Principe, and Tajikistan. Georgia had subsequently submitted a further revision of its plan, and a new plan had been submitted by the Niger in 2004. In addition, the Central African Republic had indicated its intention to submit a payment schedule, and Guinea-Bissau had indicated that it was keeping the possibility of doing so under continuous review.

24. The report also provided information on the status of the five existing payment plans at 31 December 2004. Of those five, the payments by Tajikistan had once more significantly exceeded the amounts in its plan. Payments by Georgia and the Niger had also exceeded the planned payments, and the Republic of Moldova had almost met the aggregate amount of payments planned for 2001-2004, although

they had fallen short in 2004. Sao Tome and Principe had paid significantly less than the amounts planned for 2003 and 2004. As noted in the report, the General Assembly might wish to take note of the present report and encourage Member States with significant arrears of contributions to consider submitting a multi-year payment plan.

25. **The Chairman** drew attention to a letter dated 12 October 2005 which he had received from the President of the General Assembly (A/C.5/60/2), transmitting a letter from the Permanent Representative of the Niger to the United Nations addressed to the President of the General Assembly regarding a request for exemption under Article 19 of the Charter of the United Nations.

26. **Mr. Kirn** (Slovenia), speaking on behalf of the five successor States of the Socialist Federal Republic of Yugoslavia, said that the five States were fully aware of the urgent need to resolve the issue of the unpaid assessed contributions of the Socialist Federal Republic of Yugoslavia, during the current session. The five successor States welcomed the Secretary-General's report, which provided a good basis for reaching an acceptable agreement on the issue, but regretted that it did not include the views and recommendations of the five States. The Governments of the five States would need to examine the report very carefully, and certain questions relating to the financial part of the report would require further clarification from the Secretariat. In view of the short interval of time between the issuance of the report and its consideration by the Committee, the five States proposed that consideration of the issue should be deferred until the Committee's resumed session.

27. **Mr. Ozawa** (Japan) said that as the Organization's second-largest contributor Japan attached great importance to the issue of the scale of assessments. A comprehensive review of the issue was required in order to reach agreement on a scale structure that was more equitable and fair, and Japan would do its utmost to ensure that the status and responsibilities of Member States were duly taken into account.

28. Japan's present assessment of 19.468 per cent was very high in relation to its gross national income (GNI) share, which had stood at 14.7 per cent in 2003. Japan had continued to pay its dues on an unconditional basis despite its massive fiscal deficit and its continued need to reduce its national expenditure. A growing number of Japanese people were expressing frustration at the current situation, arguing that Japan's contribution was not fully appreciated within the Organization, that the Organization's system of burden-sharing was not fair, and that Japan's concerns were not given due regard. Those concerns were legitimate, and were closely related to the Organization's current problems.

29. Committee members should ask themselves whether the current methodology truly reflected the principle of the capacity to pay, and whether it was fair that the combined assessed contribution of four of the five permanent members of the Security Council should be far lower than the assessed contribution of Japan, which was not a member. The Japanese Government was ready to meet financial responsibilities that were commensurate with its capacity to pay and its status in the Organization. However, unless it could give the Japanese people clear and convincing answers to those two questions, their commitment to the United Nations might begin to waver. His delegation would seek a system that better reflected each Member State's capacity to pay and the principle that Member States with a special status must assume special responsibilities, and would present concrete proposals to that effect during the current session.

30. **Mr. Iossifov** (Russian Federation) said that, in accordance with the Charter of the United Nations, the fair apportionment of the expenses of the Organization was the exclusive prerogative of the General Assembly. Moreover, the General Assembly had established the principle that Member States must pay their assessed contributions in full, on time and without any conditions. Strict compliance with that principle was the basis for the Organization's financial stability.

31. It was hard to overestimate the importance of the "capacity-to-pay" principle, which allowed every Member State to vote, regardless of the size of its financial contribution to the Organization's budget. Russia attached great importance to the work of further improving the methodology used for the scale of assessments. Although the existing methodology did not require major changes, work to adjust certain of its elements should be continued, and the main focus of that work should be to ensure that assessed contributions reflected Member States' true economic situation.

32. The Russian Federation supported the recommendations in the report of the Committee on Contributions (A/60/11), and called on that Committee to continue its work in areas such as debt-burden adjustments, low per-capita-income adjustments and the problem of discontinuity, in order to ensure the fairest possible apportionment of the Organization's financial burden, in accordance with the principle of the capacity to pay and the relevant General Assembly resolutions.

33. The current methodology was broadly consistent with the need to reflect current capacity to pay and to mitigate short-term fluctuations in GNI, and there was no effective alternative to that approach. Moreover, the importance of stability and predictability should not be underestimated, and the existing three-year cycle for assessment scale review was the best method. His delegation had noted the status of the multi-year payment plans by certain Member States and, in view of the positive assessment of the Committee on Contributions of the use of such plans, hoped that those States would make every effort to reduce their arrears.

Organization of work

34. **The Chairman**, noting that the Committee's full programme of work for the current session would be discussed at its next meeting, drew attention to the programme of work for the current week, from 17 to 21 October 2005. If he heard no objection, he would take it that the Committee wished to adopt the programme of work for the current week.

35. *It was so decided.*

The meeting rose at 11.05 a.m.

United Nations A/C.5/60/SR.7

General Assembly
Sixtieth session

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Fifth Committee

Summary record of the 7th meeting
Held at Headquarters, New York, on Tuesday, 18 October 2005, at 10 a.m.

Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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05-55717 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 128: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/60/11, A/60/66, A/60/140 and A/C.5/60/2)

1. **Mr. Neil** (Jamaica), speaking on behalf of the Group of 77 and China, said that he agreed with the Committee on Contributions that the failure of the Central African Republic, the Comoros, Georgia, Guinea-Bissau, Somalia and Tajikistan to pay the full minimum amount necessary to avoid the application of Article 19 had been due to conditions beyond their control. Similarly, the requests for exemption submitted by Liberia, the Niger and Sao Tome and Principe warranted favourable consideration and those States should therefore be granted permission to exercise the right to vote until the beginning of the next session of the General Assembly. While reaffirming that Member States had a legal obligation to bear the expenses of the Organization, he acknowledged that some of them might temporarily be unable to fulfil their commitments on account of genuine economic difficulties.

2. He took note of the efforts made by Member States to adhere to their multi-year payment plans but observed that no new plans had been submitted since the Secretary-General's previous report on that issue. Member States with significant arrears should consider submitting such plans, which should remain a voluntary mechanism and should not be linked to the granting of exemptions under Article 19.

3. Turning to the report of the Committee on Contributions, he recalled that capacity to pay was the fundamental principle used to determine the scale of assessments for the apportionment of the expenses of the United Nations. However, the application of that principle had been affected by the introduction of a reduced ceiling of 22 per cent, which had been established to facilitate the payment of arrears with a view to improving the financial situation of the Organization. A review of that situation was overdue and the Secretariat should therefore provide the Fifth Committee with information about the application of the current scale methodology without the 22-per-cent ceiling. It was disturbing to note that, while some members of the Committee on Contributions had queried the rationale for the ceiling for the least developed countries because it benefited only two Member States and resulted in a very small adjustment, no such concerns had been expressed about the 22-per-cent ceiling, even though it gave rise to a much larger adjustment.

4. The Group of 77 and China was particularly concerned about the sudden sharp increases in developing countries' assessment rates from one scale period to the next. Accordingly, the Committee on Contributions, during its forthcoming deliberations and in the application of any methodology approved by the General Assembly, should endeavour to avoid such, exorbitant increases. The General Assembly, through the Fifth Committee, should also review possible measures to address cases of excessive increase, particularly in developing countries. In addition, efforts must be made to reduce as much as possible anomalies arising from the application of the existing methodology, especially in respect of the relative contributions of developing and developed countries.

5. Although the Committee on Contributions had mentioned the issue of the annual recalculation of the scale of assessments, the Group of 77 and China doubted that a discussion of that question would be fruitful at the current time. However, it stood ready to follow up on all the issues it had raised, with a view to providing the Committee on Contributions with clear guidelines to facilitate its technical review and the formulation of recommendations to be submitted to the Fifth Committee during the sixty-first session of the General Assembly.

6. **Ms. Galvez** (United Kingdom), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate country Croatia; the stabilization and association process countries Albania, Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia; and, in addition, Iceland, the Republic of Moldova and Ukraine, endorsed the observations and recommendations contained in the report of the Committee on Contributions (A/60/11) and the Secretary-General's report on multi-year payment plans (A/60/66). While the European Union supported Slovenia's request to defer consideration of the question of the unpaid assessed contributions of the former Yugoslavia until the first part of the resumed sixtieth session, it stressed that the issue should be definitively resolved at that time.

7. At the fifty-ninth session of the General Assembly, the Fifth Committee had taken an exceptional decision on requests for exemption under Article 19 of the Charter. In light of that incident, the European Union was concerned that the submission of information in support of such requests had become an automatic exercise and that, regardless of the nature or timing of such submissions, Member States had begun to expect that exemptions would be granted. While extenuating circumstances might sometimes prevent Member States from complying with their obligation to pay their assessed contributions in full, on time and without conditions, detailed explanations of those circumstances must be submitted to the Committee on Contributions within the specified time frame. However, to allow the Committee to give due consideration to requests for exemption under Article 19, the European Union saw merit in advancing the deadline for the submission of such requests from two to four weeks before the Committee's session, and expected it to make recommendations to that effect at its next session. With regard to the duration of exemptions granted under Article 19, the European Union was prepared to extend the period until the beginning of the following session of the General Assembly.

8. She acknowledged that agreement on incentive and disincentive measures to address arrears was unlikely at the current time and had taken note of the decision of the Committee on Contributions not to consider the issue further without guidance from the Assembly. Nevertheless, Member States should authorize the Secretariat to apply outstanding credits to outstanding assessed contributions. The European Union reserved the right to return to that issue to ensure that those Member States that paid their assessed contributions on time were not disregarded by those that could not or would not do likewise.

9. The willingness of Member States to consider multi-year payment plans should be a factor in the consideration of future requests for exemption under Article 19. Annual payments, even if they were merely symbolic, showed that Member States took their Charter obligations seriously. The European Union noted with appreciation that Iraq had paid all its arrears and that the Republic of Moldova no longer fell under the provisions of Article 19. Georgia, the Niger and Tajikistan had honoured their multi-year payment plans in 2004, and both Georgia and the Niger had made all their payments for 2005. Member States in arrears should make an effort to submit plans to the Committee on Contributions.

10. Collectively, the countries of the European Union paid 37 per cent of total assessed contributions, and therefore attached considerable importance to the methodology for determining future scales of assessments. During the current session of the Assembly, Member States would have the opportunity to explore options for a review of the methodology without prejudging the outcome of the following year's negotiations. However, the principal element of the methodology should continue to be capacity to pay, the most accurate reflection of which was gross national income (GNI). There could be no basis for exceptions to that principle.

11. **Mr. Torres Lépori** (Argentina), speaking on behalf of the Rio Group, acknowledged the importance of providing the United Nations with adequate financial resources for the implementation of its mandate. In view of the abrupt increases in the assessed contributions of many of its members and the ensuing imbalances in their national budgets, the Rio Group attached considerable significance to the question of the scale of assessments, particularly since the scale established by the United Nations affected the level of contributions payable to other international organizations.

12. In 2006, the General Assembly would have to take a decision on the new scale for 2007-2009. Assessment rates should be fixed according to Member States' capacity to pay, which should be determined on the basis of economic data that best reflected the performance of national economies. The Rio Group was pleased that the Committee on Contributions had agreed on criteria for deciding when market exchange rates (MERs) should be replaced with other exchange rates and that it had decided that relative price-adjusted rates of exchange (PAREs) were, in general, the most technically sound method of adjusting MERs. However, those criteria should be purely indicative and should in no way exclude the possibility of applying other conversion rates where necessary.

13. As a matter of priority, the Committee on Contributions should consider measures to lessen the impact on Member States of substantial increases in contribution levels and the General Assembly should give the Committee a clear mandate to that effect.

While the multi-year payment plans had yielded uneven results, they had helped some Member States to reduce their arrears and should therefore continue to be promoted as a voluntary mechanism.

14. Since existing measures to encourage the payment of arrears had proved useful, it was not necessary for the Committee on Contributions to pursue its consideration of that issue. However, before applying credits to outstanding amounts in order to reduce outstanding assessed contributions, the Secretariat must obtain the authorization of the Member States concerned, since their national legislation on budgetary and administrative matters might, in some cases, preclude that option.

15. He stressed that requests for exemption under Article 19 should be submitted to the Committee on Contributions in accordance with the provisions of General Assembly resolution 54/237 C. Lastly, further efforts must be made to find a solution to the question of the unpaid assessed contributions of the former Yugoslavia.

16. **Mr. Poojari** (India) endorsed the conclusions of the Committee on Contributions concerning the requests for exemption under Article 19 submitted by a number of countries, and felt that the requests submitted by Liberia, the Niger and Sao Tome and Principe deserved similar consideration. In order to ensure that Member States that were granted exemptions under Article 19 did not lose their vote before the General Assembly took action on the related recommendations of the Committee on Contributions, it seemed logical to extend the duration of such exemptions until the end of the corresponding session of the General Assembly.

17. He commended those Member States that had submitted multi-year payment plans and that were endeavouring to meet the obligations arising therefrom, but pointed out that not all Member States in arrears were in a position to submit such plans. Although the results of the multi-year payment plans had been mixed, they were the only tool available to Member States facing payment difficulties. He had taken note of the proposal of the Committee on Contributions to fix the deadline for timely payment from the date of issuance of assessment letters rather than from the date of their receipt. However, as Member States' ability to make timely payments was affected by the inordinate delay in the receipt of those letters, the Secretariat must take steps to rectify that situation.

18. In order to guide the Committee on Contributions in its deliberations on the scale methodology, India wished to highlight a number of elements. First, the scale for 2007-2009 should be based on the most current available GNI data. However, the pursuit of current figures should not have a negative impact on the equally important considerations of comprehensiveness and comparability. Second, conversion rates based on MERs should be used for the 2007-2009 scale, except where excessive fluctuations justified the use of PAREs or other appropriate rates. Third, since the current scale was based on the average of the results of machine scales using base periods of three and six years, it failed to smooth out the impact of short-term fluctuations in GNI. To ensure maximum simplicity and technical soundness, India favoured the use of a six-year base period. Fourth, owing to changes in the coverage of World Bank and Organization for Economic Cooperation and Development (OECD) data, debt figures had not been available for several countries after 2002. The Secretariat should make every effort to obtain relevant data in time for the Fifth Committee's consideration of the scale of assessments at the sixty-first session, at which time the appropriateness of applying the debt-burden adjustment to higher-income countries should be examined.

19. Fifth, the amount of the low per capita income adjustment should continue to be distributed only among Member States above the threshold. Sixth, India urged the Committee on Contributions to consider, at its next session, whether the minimum level of assessment (floor), which currently stood at 0.001 per cent, still imposed an excessive burden on smaller Member States, in particular small island developing States. Lastly, he expressed surprise that the Committee had not discussed the issue of the imposition of a 22-per-cent ceiling on the contributions of one Member State. Given that the ceiling distorted the scale and affected the application of the principle of capacity to pay, and, in particular, that the gap between the ceiling rate and that Member State's share of total world GNI had widened since the introduction of the rate in 2000, the Committee should discuss the matter in detail when finalizing its report on the scale of assessments for 2007-2009 and should consider, in

particular, whether the intended objective of the ceiling had been achieved.

20. **Mr. Al-Muntasser** (Libyan Arab Jamahiriya) said that, while he appreciated the efforts of the Committee on Contributions to consider the special circumstances of some Member States when preparing the scale of assessments, he was concerned that the relevant methodology did not take into account the economic difficulties experienced by his country over the last decade on account of the sanctions imposed against it. The Committee should therefore re-examine the Libyan Arab Jamahiriya's rate of assessment in light of its real capacity to pay and, in broader terms, should take steps to address the negative effects of the current scale methodology on all developing countries.

21. Multi-year payment plans should continue to be used to help Member States to pay their arrears, provided that they were implemented on a voluntary basis and were not linked to the granting of exemptions under Article 19. Measures to facilitate the payment of arrears should also take account of the special circumstances of developing countries.

22. **Mr. Alarcón** (Costa Rica) said that the methodology for determining the scale of assessments was far from perfect and should be improved. Therefore, and in view of the fact that Costa Rica's assessed contributions had increased by 95 per cent following the 2003 recalculation, the Committee on Contributions should develop options or models incorporating measures to minimize the impact of abrupt and disproportionate increases in assessment rates.

23. **Mr. Diab** (Syrian Arab Republic) said that his delegation supported the recommendations of the Committee on Contributions concerning the application of Article 19 of the Charter in respect of certain countries. In that connection, it believed that Liberia, the Niger and Sao Tome and Principe should also be granted exemptions under Article 19 owing to the difficult economic circumstances in those countries.

24. The scale of assessments must be fair and equitable. Accordingly, in considering the methodology for calculating future scales of assessments, the Fifth Committee must focus on determining the best way to reflect Member States' true capacity to pay. His delegation appreciated the efforts of the Committee on Contributions and trusted that it would continue to provide the General Assembly with guidance so as to facilitate decisions on the scale methodology.

25. Member States must pay their assessed contributions in full and on time. He hoped that the multi-year payment plans submitted by some Member States would help them to reduce their arrears and honour their financial obligations to the United Nations. However, the establishment of such plans must remain voluntary and must not be linked to the granting of exemptions under Article 19.

26. Lastly, regarding the unpaid assessed contributions of the former Yugoslavia, the five successor States should have an opportunity to discuss the issue further with a view to reaching agreement thereon. His delegation therefore supported the request made by the representative of Slovenia on behalf of those States that the Committee's consideration of the relevant report of the Secretary-General (A/60/140) should be deferred until the resumed sixtieth session of the General Assembly.

27. **Mr. Ferreira** (Sao Tome and Principe) said that Sao Tome and Principe was not in a position to pay its assessed contributions. The decline in world cocoa prices, combined with increased prices for imports, had depressed incomes and living standards in the country, which also had a high per capita debt and a high rate of extreme poverty. Sao Tome and Principe would honour its financial obligations to the United Nations as soon as the economic situation improved. In the meantime, it trusted that the General Assembly would accede to its request for exemption under Article 19 of the Charter.

28. **Ms. Wang** Xinxia (China) said that the current scale methodology had been agreed after long hours of difficult negotiations. It was a compromise that took account of the positions of all Member States. Maintaining a stable and predictable scale of assessments was vital in order to ensure the normal operation of the United Nations. The Committee's deliberations on the matter should be guided by the principle of capacity to pay. Any adjustments to the scale must be agreed by consensus.

29. All Member States must pay their assessed contributions in full, on time and without conditions. Certain Member States had expressed concern about excessive increases in their rates of assessment. Indeed, China's own share of total contributions had increased by more than 35 per cent since the previous

scale period. So long as the contributions were calculated using the current methodology, her Government would willingly accept the results. However, it had sympathy for those Member States, particularly developing countries, for which such increases represented a burden. In order to address that problem, special adjustments might be considered, such as the mitigation measures adopted two years earlier. In that connection, her delegation wished to receive further information concerning the proposed introduction of a systematic measure to phase in large scale-to-scale increases over the scale period (A/60/11, para. 49). It wished to stress, however, that adjustments for excessive increases made in addition to the measures already provided for in the scale methodology must be regarded as exceptional. Annual recalculation of the scale would lead to an annual renegotiation of the scale, undermining its stability and predictability, and the proposal in that regard should be treated with caution.

30. **Mr. Tal** (Jordan) said that capacity to pay must be the guiding principle in calculating the scale of assessments. In considering the methodology for preparing the scale of assessments for 2007-2009, the Committee must make every effort to produce a formula that was flexible enough to reflect changes in Member States' economic conditions, yet stable enough to prevent fluctuations in the rates of assessment over the scale period. Jordan had experienced a large and disproportionate increase in its rate of assessment in the past two years and, while it had continued to pay its assessed contributions in a timely manner, the Jordanian delegation and others were finding it increasingly difficult to justify such increases to their capitals. In that connection, his delegation had taken note of the proposal to introduce a systematic measure to phase in large scale-to-scale increases over the scale period, and would appreciate further information in that regard.

31. Concerning the elements of the scale methodology, the income measure must give a clear and unbiased picture of overall economic performance. The report of the Committee on Contributions indicated that there was a two-year time lag in data availability, yet current realities could not be ignored. That was especially true in the case of developing and least developed countries, whose economic performance could be unduly affected by regional conflicts or natural disasters. Indebtedness must also be properly incorporated into the scale metho not only caused an outflow of capital principal and interest on external del hindered efforts to attract foreign direct in promote economic activity, a fact not ref debt-flow approach.

32. With regard to the proposed new deciding which market exchange rates (M be replaced in preparing the scale of (A/60/11, paras. 17-26), it was not delegation how the Committee on Contr determined the threshold figures and MI index to be used in its initial review.

33. Member States must pay the contributions in full, on time and withou His delegation understood, however, Member States, particularly developing might be prevented from doing so by beyond their control. Multi-year pay remained the most useful tool for helpi with economic hardships to meet the obligations to the United Nations. While must remain voluntary, his delegation c Member States that had submitted payment their utmost to implement them.

34. **Mr. Kapoma** (Zambia) said that Nations must have a strong and dependab base. In accordance with the principle of pay, those countries that were able to contributions as assessed must do so in f and without conditions. Although Zambia the completion point under the Heavily In Countries (HIPC) Initiative, it continued with debt, which hindered its economic d His delegation therefore supported the ap the debt-burden adjustment based on the approach. It favoured a six-year base per scale of assessments, since it would help to the impact of short-term fluctuations in promote stability in the scale. Given the the majority of least developed countries would be logical to maintain the floor of 0.0 for future scales of assessments, while the rate of assessment for LDCs should be ma 0.010 per cent. His delegation did not agr maintenance of the LDC ceiling should dep number of beneficiaries.

35. Lastly, he emphasized that, while Zambia was a least developed country with a weak economy and a huge debt burden, it remained current with the payment of its regular budget assessments. That reflected his Government's commitment to the purposes and principles of the Charter, which were indispensable foundations for a more peaceful, prosperous and just world.

36. **Mr. Yáñez** (Bolivarian Republic of Venezuela) said that, on account of the economic instability experienced by many Latin American countries, his Government took a keen interest in the issue of the scale of assessments and was rather concerned about the current methodology, which contained a number of elements that undermined the principle of capacity to pay. One of those elements was the imposition of a ceiling on contributions, which had had an adverse effect on the assessment rates of developing countries and was an arbitrary measure that did not reflect any technical considerations.

37. Mechanisms to prevent abrupt changes in the scale should also be integrated into the methodology. However, those mechanisms should not reflect political or discretionary considerations. Governments could not provide the Organization with a stable and predictable flow of financial resources unless they were certain that their assessed contributions would also be stable and predictable. In that connection, the Committee on Contributions should carefully consider possible scenarios and provide Member States with clear and comprehensible information that would allow them to decide whether or not to modify the current methodology in order to better reflect States' genuine capacity to pay. In conclusion, he agreed with previous speakers that multi-year payment plans should remain voluntary and should not be linked to the granting of exemptions under Article 19.

38. **Mr. Debabeche** (Algeria) said that the General Assembly's decision to review the scale of assessments on a triennial basis and its decision regarding the base period were reasonable compromises which should not be disturbed. With regard to the scale methodology, his delegation wished to underline the importance of the criteria of equity, stability and predictability. It had no objection to the use of GNI data covering periods up to 2004 in preparing the scale of assessments for 2007-2009. The debt-burden adjustment must continue to be applied as a mark of the international community's solidarity with countries burdened by debt, particularly LDCs.

39. Multi-year payment plans represented a commendable effort by countries experiencing economic hardship to meet their financial obligations to the United Nations. His delegation recognized that, in some countries, the State budget was subject to approval by the legislature, which was accountable to taxpayers. However, it was not acceptable for any Member State to cite such arrangements as an excuse for running up enormous arrears that jeopardized the normal operation of the Organization. Moreover, those Member States that championed United Nations reform must honour their commitments to the Organization, including by paying their assessed contributions in full, on time and without conditions.

40. Lastly, with regard to the unpaid assessed contributions of the former Yugoslavia, the Committee should give sympathetic consideration to the request made by the representative of Slovenia, on behalf of the five successor States to that country, that consideration of the matter should be deferred until the resumed sixtieth session of the General Assembly. There must, however, be a commitment on the part of those States to find a definitive solution to that problem, which had persisted for too long.

41. **Mr. Mirmohammad** (Islamic Republic of Iran) said that the Committee on Contributions had been requested to continue to review the methodology of future scales of assessments based on the principle that the expenses of the Organization should be apportioned broadly according to capacity to pay. The Committee had looked at the pattern of major scale-to-scale changes in Member States' recent rates of assessment and had concluded that changes in scale methodology were a significant factor in many cases. Regrettably, it had failed to mention the single most important change in the methodology in terms of its impact on Member States' rates of assessment: the reduction of the ceiling. While his delegation was opposed to arbitrary adjustments to the scale methodology, it would support the restoration of the ceiling to its previous level as a means of correcting the resulting distortions.

42. The debt-burden adjustment should be retained as an element of the scale methodology because external debt had a substantial impact on Member States' capacity to pay. The low per capita income adjustment was also an integral part of the methodology. His

delegation noted with satisfaction that the Committee on Contributions had recognized the problem of large scale-to-scale increases in rates of assessment and had considered steps to address it. While his delegation supported mitigation measures, it wished to underscore that such adjustments must not lead to increases in the rates of assessment of developing countries, as had happened with the scheme of limits.

43. For calculating national incomes in United States dollars, conversion rates should be based on MERs, except where that would cause excessive fluctuations and distortions in the income of some Member States, in which case PAREs or other appropriate conversion rates should be employed. He trusted that the Committee on Contributions would, in its calculations, take account of the fact that the Islamic Republic of Iran had used multiple exchange rates prior to 2002 and a unified exchange rate since then.

44. With regard to the multi-layered proposal for a more systematic approach to deciding which MERs should be replaced in preparing the next scale of assessments, his delegation would appreciate clarification concerning the predetermined threshold levels to be used to identify Member States with a large proportionate change in per capita GNI.

45. **Mr. Farooq** (Pakistan) said that no organization could deliver results without adequate and predictable resources. Sufficient funds for the United Nations could only be ensured through full, timely and unconditional payment by Member States of their assessed contributions. The apportionment of the Organization's expenses among Member States must be fair and equitable, with capacity to pay being the paramount consideration.

46. The selection of the base period was crucial to the calculation of the scale of assessments, since too long or too short a base period would lead to distortions in the relevant data. Regarding the proposal on annual recalculation of the scale, his delegation wished to know what the impact on the predictability of the process would be and whether the proposal was in keeping with the rules of procedure of the General Assembly, particularly rule 160.

47. The debt-burden adjustment was an integral part of the scale methodology, for external debt not only affected a country's capacity to pay but also placed a significant burden on its economy. The low per capita income adjustment was also a vital element of the methodology, since it ensured that the burden was shifted away from those countries least able to pay. Large and sudden increases in the rates of assessment of developing countries must be avoided, and any change in a country's share of total contributions must be commensurate with economic realities.

48. Having considered the requests for exemption under Article 19 submitted by the Central African Republic, the Comoros, Georgia, Guinea-Bissau, Somalia and Tajikistan, his delegation agreed with the Committee on Contributions that the failure of those countries to pay the minimum amount necessary to avoid the application of Article 19 was due to circumstances beyond their control and that they should therefore be granted exemptions. The cases of Liberia, the Niger and Sao Tome and Principe also warranted favourable consideration.

49. **Mr. Ramlal** (Trinidad and Tobago) said that the agenda item currently before the Committee should be considered within the context of the 2005 World Summit Outcome, which included a pledge to provide the United Nations with adequate resources, on a timely basis, to enable the Organization to implement its mandates and achieve its objectives. As the provision of adequate resources began with the apportionment of the expenses of the Organization, his delegation expected the Fifth Committee to engage in a thorough debate in order to provide the Committee on Contributions with the necessary guidance regarding the methodology to be used in preparing the scale of assessments for 2007-2009.

50. The United Nations could not be effectively reformed and strengthened without adequate resources. While his delegation agreed that there was a need to enhance the Organization's effectiveness and efficiency, reform efforts could not succeed unless all assessed contributions were paid in full, on time and without conditions. Notwithstanding the distortions that had resulted from the political decisions taken in connection with the current methodology, in particular the ceiling, the principle of capacity to pay remained the fundamental criterion for determining the scale of assessments. Furthermore, discussions on the scale methodology must not lose sight of the agreements reached in December 2000 in the context of the unprecedented changes introduced, including the establishment of the methodology for two successive scale periods and adjustments that had resulted in significant burden-shifting.

51. The most glaring weakness in the current methodology was the substantial scale-to-scale increase in the assessments of Member States, particularly developing countries. Any discussion based on the current methodology must therefore seek to reflect economic realities through more realistic increases in assessment rates for developing countries. It would be extremely unfair to perpetuate a situation in which developing countries whose economies were growing at rates of between 5 and 10 per cent were required to pay assessment increases of 50, 100 or 200 per cent.

52. The annual recalculation of the scale would not only be impractical, but would also directly contravene rule 160 of the rules of procedure of the General Assembly, and would also lead to instability in the scale methodology. His delegation felt that the debt-burden adjustment was an integral part of the scale methodology which had an impact on all developing countries, and cautioned against trying to limit the adjustment only to lower-income States. Although the low per capita income adjustment was also an integral part of the methodology, consideration should be given to the problem of the discontinuity experienced by Member States moving up through the threshold of the low per capita income adjustment between scales, especially where that led to substantial increases in the assessment rates of the countries concerned.

53. With respect to Article 19 of the Charter of the United Nations, he wished to reiterate the importance of three principles: the obligation of all Member States to bear the expenses of the Organization; the requirement to pay assessed contributions in full, on time and without conditions; and the need to extend sympathetic consideration to Member States that were unable to meet their financial obligations because of genuine socio-economic and political difficulties. Member States should be encouraged to submit multi-year payment plans, but the Committee should recall that due consideration should be given to their economic position and that such plans should be voluntary and not automatically linked to other measures.

54. The representative of the European Union had stated that the most accurate reflection of capacity to pay was gross national income (GNI) and that there could be no basis for exceptions to that principle. However, although GNI was the best approximation of capacity to pay, it was not the only one. Clearly, capacity to pay could not be measured through statistics alone, and stubborn adherence to the criterion of per capita GNI was erroneous and misleading, and did not correspond to economic realities. Per capita income was not the best indicator of a country's development. In the case of small island developing States, such data tended to give a distorted picture. The Programme of Action of the 1994 Global Conference on the Sustainable Development of Small Island Developing States had recognized the particular vulnerabilities of the economies of such States and the need for the international community to bear those vulnerabilities in mind in their relations with those States, which, because of their high per capita incomes, paid relatively high per capita assessments to the United Nations.

55. **Mr. Berti Oliva** (Cuba) said that the Committee should focus on establishing a methodology that was more effective at measuring Member States' capacity to pay, which was the fundamental criterion on which all other relevant criteria should be based. In that context, the criteria established in General Assembly resolution 46/221 B on exchange rates and the principle established in resolution 43/223 B that the calculation of the scale of assessments should take into account other factors affecting a country's situation should remain essential elements of any future methodology.

56. Cuba took note of the recommendations contained in paragraphs 16, 25 and 26 of the report of the Committee on Contributions, and also noted that the Committee had been unable to make a recommendation on two topics of fundamental importance: the low per capita income adjustment and the debt-burden adjustment, both of which must be upheld. Cuba would also seek further information from the Committee on Contributions concerning paragraph 39 of its report.

57. The assessment of Member States' contributions was a very sensitive issue that had a direct impact on Governments' capacity to honour their financial commitments to the Organization. Governments, for their part, should demonstrate their political support for the United Nations by honouring their obligation to pay their contributions. However, a distinction should be made between non-payment by a developing country experiencing serious economic difficulties and non-payment for political reasons. Therefore, the existence of a ceiling which redistributed the burden

among the rest of the membership, including developing countries, and which was a serious distortion of the principle of capacity to pay should be eliminated once and for all.

58. In that regard, the United States of America, the Organization's main contributor, was clearly paying much less than it should because of an arbitrarily determined ceiling. The agreement achieved through the adoption of General Assembly resolutions 55/5 B and 55/5 C was based on promises made by the United States after its Congress had introduced legislation setting conditions for the repayment of its arrears. The situation had not improved significantly since the fifty-fifth session of the General Assembly, and the United States Congress continued to talk of withholding payments if the Organization did not yield to its demands for reform. The Committee should therefore address that important issue during the current session.

59. Cuba welcomed the recommendations contained in paragraphs 83 to 124 of the report of the Committee on Contributions, which recognized the difficulties experienced by certain developing countries. It also took note of the comments made by the Chairman of that Committee in paragraphs 36 and 37 of the statement he had made at the Fifth Committee's preceding meeting, and believed that Liberia, the Niger and Sao Tome and Principe should be granted exemptions under Article 19 of the Charter of the United Nations.

60. Cuba also took note of chapter IV of the report, on multi-year payment plans, and the related comments contained in document A/60/66, as well as the conclusions and recommendations of both reports. In that regard, Cuba wished to reiterate that such plans must remain voluntary and should not be linked to any other measures, including the consideration of requests for exemption. Cuba also supported the request made by Slovenia, on behalf of the five successor States to the Socialist Federal Republic of Yugoslavia, that consideration of its unpaid assessed contributions should be deferred. Lastly, Cuba wished to reaffirm the legal obligation of all Member States to shoulder the burden of the Organization's expenses, as established by the General Assembly.

61. **Mr. Abani** (Niger) recalled that in September 2005 his Government had written to the President of the General Assembly to request exemption under Article 19 of the Charter and to reaffirm its commitment to pay its arrears to the Organization in full, in accordance with its multi-year payment plan. The Niger's difficult economic situation was the result of many factors, notably the prolonged period of political instability that had led to the coup d'état of 1999 and the subsequent humanitarian crisis, which had frustrated the attempts of the newly elected democratic Government to focus on reconstruction efforts. It was within that context that the Niger wished to reiterate its request for exemption.

62. **Ms. Osode** (Liberia) said that her country's request for exemption had been received after the established deadline because of the continued problems with communications in her country. Liberia regretted that the Committee on Contributions had in consequence taken no action on its request, but hoped that it would grant the necessary exemption so that Liberia could continue to exercise its vote and take part in the debate on reform of the Organization during the current session. Liberia had informed the Committee on Contributions that it had not made much progress in repaying its arrears as a result of conditions beyond its control.

63. Liberia had endured anarchy and violence for over 15 years as a result of a civil war that had claimed the lives of tens of thousands of innocent civilians. About half the population had fled their homes and the economy had been destroyed. However, the warring sides had reached a comprehensive peace agreement in August 2003 and a period of post-conflict transition had begun on 11 October 2005 with the holding of presidential and legislative elections. The Liberian people had begun the process of establishing democracy, accountability, good governance, respect for human rights and popular participation. Her delegation therefore hoped that in 2006, within a time frame requested by the Committee on Contributions, the newly elected Government would be in a position to commit itself to a multi-year payment plan.

64. **Ms. Udo** (Nigeria) said that the crucial role of Articles 17 and 19 of the Charter was to confer membership in conjunction with responsibility. The fact that the Committee was again considering the question of exemptions under Article 19 indicated the need to review the time frame for such exemptions. A one-year period would prevent neither requests for exemption nor the submission of multi-year payment plans.

65. Nigeria sympathized with those Member States that were unable to meet their obligations to the Organization, and supported exemption under Article 19 for those States which had requested it. Nigeria commended the States which were sustaining their payments under such plans despite serious economic difficulties, but stressed that recourse to that option must remain voluntary.

66. With regard to the new proposal of the Committee on Contributions that the deadline for payment of assessed contributions should be set at 35 days from the date of issuance instead of 30 days from the date of receipt, it was not certain that assessment letters would be received by all missions on the date of their issuance.

67. A review of the scale methodology was indeed indispensable: the Fifth Committee must send a clear mandate to the Committee on Contributions, which in turn should provide concrete proposals to guide the Fifth Committee's deliberations.

68. **Mr. Song** Young-whan (Republic of Korea) said that it was essential for the Fifth Committee to give directions to the Committee on Contributions with regard to its future discussion of the scale methodology. The Committee on Contributions should base its recommendations on the scale for 2007-2009 on accurate statistics and should keep in mind that capacity to pay was the paramount principle. As a country which had experienced dramatic changes in its assessed contributions over a short period, the Republic of Korea believed that the level of such contributions should be predictable and that abrupt fluctuations should be avoided. It called on the Member States to provide guidance for the Committee on Contributions in a spirit of compromise and cooperation, with a view to enhancing the Organization's financial viability and discipline.

69. **Mr. Al-Battawi** (Iraq) said that multi-year payment plans were a good method of paying off arrears and securing fulfilment of Member States' obligations to the Organization. Iraq had had recourse to such a plan in view of its severe economic difficulties and it urged other countries with big arrears to do likewise.

70. His delegation drew attention to the conclusion of the Committee on Contributions that Iraq's arrears had been due to circumstances beyond its control. Iraq had made a major effort, in conjunction with the Secretariat and the Security Council, to find a way of drawing on the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) escrow account for the purpose of paying its assessed contributions. As a result, Iraq had just settled all its obligations to the Organization. That fact should be formally noted in the next report of the Committee on Contributions.

71. **Mr. Matsunaga** (Japan) said that his delegation looked forward to receiving, as soon as possible, concrete proposals from the countries concerned regarding the unpaid contributions of the former Yugoslavia and to taking the matter up again at the resumed session in March 2006.

72. **Mr. Simancas** (Mexico) said that the fulfilment of their financial obligations by all Member States was of vital importance. Mexico appreciated the strenuous efforts which many countries had to make in that regard, for it made such efforts itself.

73. The Committee on Contributions must revise the scale methodology as a matter of priority to better reflect better States' true capacity to pay and to prevent sharp increases that were out of all proportion to the growth of national economies. Under the present methodology, for example, the increase in Mexico's assessed contribution for 2004-2006 had been greater than the full amount of the contributions paid by some European countries. It was clear from the current discussion that the methodology unfairly burdened some States while failing to reflect other States' true capacity to pay or the special responsibilities borne by some of them.

74. There was therefore an urgent need to give the Committee on Contributions inputs that reflected the situations and concerns of Member States so that it would be able to present, at the next session, a scale of assessments acceptable to all.

75. **The Chairman** said that, if he heard no objection, he would take it that the Committee was prepared to accept the request of Slovenia to defer the question of the unpaid assessed contributions of the former Yugoslavia until March 2006.

76. *It was so decided.*

77. **Mr. Sessi** (Chairman of the Committee on Contributions) said that the Committee took very much to heart the problem of sharp scale-to-scale increases, and that he had noted the comments made by the representative of Jamaica and several other speakers on

that subject. It was discussed in paragraphs 46-50 of the report. Paragraph 49, in particular, showed how wide-ranging the Committee's debate had been; the problem would be discussed in greater detail in the informal consultations. The Committee on Contributions certainly needed guidance from the Fifth Committee with respect to its further consideration of the problem at its next session.

78. The effects of a scale of assessments without the 22-per-cent ceiling, a possibility also mentioned by the representative of Jamaica, were illustrated in annex III of the Committee's report on its 2003 session (A/58/11).

79. Paragraph 45 of the 2005 report made it clear that the Committee had no common position on the question of the LDC ceiling, to which the representative of Zambia had referred; the debate was continuing on that point.

80. A detailed response would be provided during the informal consultations on the exchange-rate issue raised by several speakers, including the Islamic Republic of Iran and Jordan. He had already mentioned in his introductory statement that Iraq had fulfilled its obligations to the Organization, and the point could of course be made formally in the Committee's next report.

81. The Committee would welcome the Fifth Committee's specific reactions to paragraphs 14, 16, 25, 26, 29 and 50 of the report, as well as the guidance referred to in paragraphs 34, 39 and 42.

82. With regard to the payment of arrears, he drew attention to the technical suggestions contained in paragraphs 68 and 69, which would facilitate both the payment of arrears and the work of the Secretariat and the Committee on Contributions. He noted the reservations expressed by Argentina and Nigeria on those suggestions.

Agenda item 123: Programme budget for the biennium 2004-2005

Agenda item 124: Proposed programme budget for the biennium 2006-2007

Suspension of recruitment for posts in the General Service and related categories (A/60/363 and A/60/7/Add.2)

83. **Mr. Berridge** (Office of Programme Planning, Budget and Accounts), introducing the report of the Secretary-General on the suspension of recruitment for posts in the General Service and related categories (A/60/363), said that General Service vacancy rates had generally trended upward over the biennium. Taking into account the rates budgeted for new and continuing posts, composite rates of 3.9 and 5.8 per cent had been budgeted for 2004 and 2005 respectively, while the realized vacancy rates were 3.2 per cent for 2004 and 6.5 per cent for 2005 (January to July). The 6.5-per-cent average for 2005 was considerably higher than the normal rate of 2 to 3 per cent.

84. As a result of the suspension, competition for staff among departments had been intense and staff turnover had been high. An inordinate amount of time had been devoted to dealing with vacancies and training new staff. Vacancies in specialized areas had been extremely difficult to fill. The interim measures used by departments were outlined in the report; they were short-term and could not be sustained.

85. In the context of the proposed programme budget for 2006-2007, the Advisory Committee recommended the lifting of the suspension and the production of a comprehensive analysis of General Service functions. The results of that analysis would be reported in the context of the second performance report for the 2004-2005 biennium.

86. The Secretary-General's report recommended that the General Assembly should request the Secretary-General to lift the suspension as of 1 December 2005. That would not result in any additional costs for the current biennium. The normal General Service vacancy rate used in the proposed programme budget for 2006-2007 (1.5 per cent) anticipated the lifting of the suspension; there would therefore be no additional financial implications for that biennium either.

87. **Mr. Saha** (Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's third report on the issue under consideration (A/60/7/Add.2), said that the Secretary-General appeared to be requesting the lifting of the suspension one month earlier than planned. The Advisory Committee considered that it would be premature to do so before the comprehensive analysis of General Service functions had been completed. It stated in its first report on the proposed programme budget for 2006-2007 (A/60/7) that the suspension had probably been too broad a measure. The best approach might be

to selectively eliminate General Service posts wherever possible while avoiding any adverse impact on the technical functions so effectively performed by support staff. There was also a need to seek creative and practical solutions, such as the creation of a pool of staff as outlined in paragraph 7 of the ACABQ report currently under consideration. He would have more to say on the subject when he introduced the Advisory Committee's first report on the proposed programme budget for 2006-2007.

88. **Mr. Longhurst** (United Kingdom), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia and Turkey; and, in addition, Liechtenstein, said that the Secretary-General's report was a disappointment. The General Assembly's intention had been to address what was seen as a high ratio of General Service to Professional staff and to prompt the Secretariat to rethink the use of General Service staff. In European countries, many traditional support tasks had been eliminated or subsumed into the job descriptions of professional-level staff, thanks largely to the wider prevalence of information technology skills. That did not mean that support tasks were no longer needed; on the contrary, a whole new range of demands had emerged. The suspension had represented a sweeping experiment that had, not surprisingly, had unintended consequences, and the European Union took note of the problems described in the report. But the report simply presented a list of problems rather than illustrating the remedies which had been tried.

89. The European Union commended the Advisory Committee's work on the topic, in particular its identification of the shortcomings of the report. He was concerned to note that the Advisory Committee had not obtained the requested information on the specialized functions and number of posts involved and on their distribution across departments. How could the Fifth Committee recommend a policy change without such information? Furthermore, the European Union did not understand why 1 December had been proposed as the date for lifting the suspension, since a decision was to be taken later that month on General Service staff numbers in the context of the proposed programme budget for 2006-2007.

90. The Secretary-General's report should be supplemented by at least an interim analysis of the functions performed by General Service staff, and the European Union looked forward to receiving information about the consultant's survey mentioned in paragraph 12 of the ACABQ report. Such information would facilitate the consideration of the Secretary-General's proposals and of the General Service staff allocation in the proposed programme budget for 2006-2007.

91. **Mr. Kozaki** (Japan) said that his delegation had supported the suspension in the hope of streamlining administrative processes and shifting resources from support functions to substantive activities. The ACABQ report confirmed his delegation's impression that the Secretary-General's report was neither comprehensive nor persuasive and did not meet the requirements of General Assembly resolution 59/276. The consultant's analysis might facilitate a more thorough understanding of the matter. The suspension of new recruitment remained valid as the basis for the discussion, but his delegation was ready to consider the Secretariat's proposals. The Committee should consider the issue comprehensively so as to contribute to the development of concrete measures for reducing duplication, complexity and bureaucracy.

92. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that she noted the comments of the Acting Chairman of the Advisory Committee, in particular his reference to the absence of the comprehensive review requested by the General Assembly. She agreed with the representative of Japan that the issue must be considered comprehensively and would therefore make further comments on behalf of the Group of 77 and China under related agenda items.

The meeting rose at 12.55 p.m.

United Nations A/C.5/60/SR.8

General Assembly
Sixtieth session

Official Records

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Fifth Committee

Summary record of the 8th meeting
Held at Headquarters, New York, on Wednesday, 19 October 2005, at 10 a.m.

Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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Agenda item 132: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*)

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05-55966 (E)

The meeting was called to order at 10 a.m.

Agenda item 132: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*)

Implementation of the recommendations of the Office of Internal Oversight Services on the management audit of the regional commissions (A/60/378)

1. **Mr. Rahman** (Acting Chief of the Regional Commissions New York Office), introducing the report of the Secretary-General on the implementation of the recommendations of the Office of Internal Oversight Services on the management audit of the regional commissions (A/60/378), said that the report showed that most of the recommendations of the Office of Internal Oversight Services (OIOS) had already been acted upon or would be implemented by 2006. The meetings of the chiefs of programme planning of the regional commissions, the most recent of which had been held in September 2005, continued to act as a forum for the exchange of good practices and experiences. The September meeting had decided that the follow-up to the recommendations of oversight bodies, including OIOS, should be a standing item on its agenda in order to develop a common approach and ensure harmonized reporting. Two task forces had been established: one headed by the Economic and Social Commission for Asia and the Pacific (ESCAP) on recommendation 5 of OIOS and the other headed by the Economic Commission for Latin America and the Caribbean (ECLAC) on recommendation 9.

2. With regard to recommendation 7, the experience of ESCAP in implementing a results-based approach to regional advisory services had been noted as good practice, and the new guidelines on the management of the regional advisory services prepared by the Economic Commission for Africa (ECA) clearly emphasized the results-based approach, while the Economic and Social Commission for Western Asia (ESCWA) was updating its own operational guidelines. The commissions were also actively enhancing the linkages between their operational activities and their normative and analytical work.

3. In the case of recommendation 6, most of the commissions had assigned focal points for fund-raising, and there were management committees to advise on projects submitted for extrabudgetary funding. The question of fund-raising would be given active consideration by the executive secretaries of the regional commissions at their forthcoming meeting.

4. Many of the recommendations of OIOS fell within the purview of the executive secretaries, who were fully committed to their implementation. The assessment of the intergovernmental machinery (recommendation 3) was being conducted in consultation with the commissions. The findings of the recent review of the intergovernmental structures of the commissions would be included in the report on regional cooperation in the economic, social and related fields to be submitted to the Economic and Social Council in 2006 by the Regional Commissions New York Office.

5. **Ms. Galvez** (United Kingdom), speaking on behalf of the European Union, the acceding countries Bulgaria and Romania; the candidate countries Croatia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Serbia and Montenegro, and the former Yugoslav Republic of Macedonia; and, in addition, Iceland, the Republic of Moldova, and Ukraine said that the report confirmed the impression that the recommendations of OIOS were to the point and of use to the regional commissions. It was a good thing that some of the recommendations, in particular recommendation 1, which was aimed at more succinct reporting, had already been implemented.

6. However, the response to the other recommendations was that the commissions had discussed and shared best practices. There was little information about concrete steps to address the issues requiring attention or any assessment of the potential impact of implementation of the recommendations on programme delivery. Recommendation 3, on reassessment of the intergovernmental machinery to streamline processes and avoid duplication, for example, was very important but in certain cases it appeared not to have received adequate consideration. On the question of evaluation (recommendation 5), an issue of great importance to the Committee, the report provided no new significant information; a more substantive answer had been expected.

7. **Ms. Kuroda** (Japan) said that the status of the implementation of the recommendations of OIOS varied from commission to commission, but it was encouraging that all of them would be implemented by 2006. However, the report did not provide enough

information to give Member States an overall picture of the functioning and management of the commissions.

8. She noted with satisfaction that all of the commissions had established focal points for fund-raising, but wondered whether those focal points were fully operational. She would also welcome information on the outcome of the meeting of the programme planning of regional commissions, which had been hosted by ESCWA in September 2005. The quality of publications (recommendation 9) must be maintained and duplication of content avoided. Given the wide differences in the publication mechanisms of the commissions, she wondered whether any attempt been made to share information on that subject.

The meeting rose at 10.20 a.m.

United Nations A/C.5/60/SR.9

General Assembly
Sixtieth session

Official Records

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3 November 2005

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Fifth Committee

Summary record of the 9th meeting
Held at Headquarters, New York, on Thursday, 20 October 2005, at 10 a.m.

Chairman: Mr. Ashe ..... (Antigua and Barbuda)

Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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Agenda item 126: Improving the financial situation of the United Nations (*continued*)

Agenda item 131: United Nations common system

Agenda item 124: Proposed programme budget for the biennium 2006-2007 (*continued*)

Agenda item 131: United Nations common system (*continued*)

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2005

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05-56126 (E)

The meeting was called to order at 10 a.m.

Agenda item 126: Improving the financial situation of the United Nations (*continued*) (A/60/427)

1. **Ms. Galvez** (United Kingdom), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Serbia and Montenegro and the former Yugoslav Republic of Macedonia; and, in addition, Liechtenstein, the Republic of Moldova and Ukraine, said that, as reflected in the Secretary-General's report on improving the financial situation of the United Nations (A/60/427), there had been no real improvement in the payment of assessed contributions to the Organization, despite Member States' demands that the United Nations become more efficient.

2. Some Member States consistently failed to pay their assessed contributions or paid their contributions late, leaving the Organization on the verge of severe cash-flow difficulties. All Member States should take their obligations to the Organization as seriously as they expected the Secretariat to take its own obligations. Where their payment schedules for the regular budget were endangering the efficient functioning of the Organization, they should take steps to change them.

3. Because of the lack of financial stability and predictability, the Organization had been unable to reimburse some troop-contributing countries promptly. Those countries had a legitimate expectation to be reimbursed fully and quickly, but until the Committee was able to engage in a substantial debate on the issue of late payments, they would continue to face delayed reimbursements. The issue of late reimbursements caused by delays in signing memorandums of understanding should be addressed by those responsible, as a matter of urgency.

4. The European Union did not wish to be presented with revised peacekeeping budgets simply because missions were running low on cash. Furthermore, the late issuance of the budget for the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) would inevitably delay the issuing of assessments for that Mission.

5. Although the European Union was relieved the financial situation of the international tribunal eased, the projection of an end-of-year 2005 deficit for the International Criminal Tribuna Rwanda was worrying. It was also disappointing some Member States had, for more than 10 years, nothing at all towards tribunal costs. The Euro Union would urge those countries to demonstrate commitment to international justice and to Artic of the Charter of the United Nations by ma payments soon.

6. **Ms. Taylor Roberts** (Jamaica), speaking behalf of the Group of 77 and China, said tha successful implementation by the Organization o programmes and activities mandated by Member S depended to a large extent on the provision of ade resources by the Member States themselves. Secretary-General's projections clearly showed tha financial situation of the Organization had sca improved.

7. While it was encouraging that the numbe Member States paying their contributions in full increased by two, the increase would have no in on the Organization's resources. New and expa peacekeeping operations continued to place addit strain on Member States. The Group was concern the continuing high level of arrears to t contributing countries, particularly for reimbursement of contingent-owned equipment, remained convinced that the international trib required predictable and adequate financial reso to carry out their mandates effectively.

8. **Ms. Lisson** (Australia), speaking also on b of Canada and New Zealand, said that the Secre General's report did not present a particularly pos picture of the Organization's finances. While welcomed the improvement in the Organizat financial position, the positive trends should obscure the fact that unpaid assessments had incre for the regular budget, the international tribunals the capital master plan. Some 65 Member States owed a total of $739 million, over 90 per cent of w was owed by just three States. Payment of t assessments would do much to stabilize Organization's financial situation.

9. It was essential that sufficient resource provided for peacekeeping missions, which increasing in number, size and complexity, and it

disappointing to learn that certain permanent members of the Security Council were among those with the largest unpaid peacekeeping assessments. Despite the welcome signs of progress made in funding the two International Tribunals, there were still 112 Member States with amounts outstanding. The delegations on whose behalf she spoke would welcome further information on the financing of the capital master plan.

10. There was obviously a disjuncture when certain Member States urged the United Nations to take on additional tasks while not paying their share of the costs. Although a handful of Member States was clearly responsible for the vast majority of unpaid assessments, that did not lessen the obligation of States with relatively smaller assessments. Member States should therefore meet their obligations under Article 17 of the Charter of the United Nations and pay their assessed contributions on time, in full and without conditions.

11. The decision to retain $83 million in the accounts of closed peacekeeping missions in order to manage cash shortfalls in other accounts continued to penalize Member States that had paid their assessments, thereby exacerbating the inequity between those that paid on time and those that paid late, in part, or not at all. The continued retention of cash from closed missions was a short-term solution, and suggestions from the Secretariat as to how the issue might be resolved would be welcome.

12. **Mr. Bwiswmuthiary** (India) said that the obligation to pay assessed contributions in full, on time and without conditions was a fundamental requirement accepted by all Member States and reflected in countless General Assembly resolutions. It was a matter of concern that a single Member State accounted for 80 per cent of the total outstanding contributions to the regular budget.

13. Although unpaid assessments for peacekeeping had declined in 2005, the fact that the total had remained consistently above $2 billion created concerns for the funding of operations and for the reimbursement to troop-contributing countries. Because the financing of peacekeeping missions had become unpredictable, the Security Council should, when approving the extension of peacekeeping mandates, try to align their periodicity in order to help Member States make timely payments.

14. The only financial flexibility available to the Organization lay in the unencumbered balance of $83 million in the budgets of closed peacekeeping missions. If Member States paid their contributions on time, however, that flexibility would not be required. The high level of debt owed to Member States for the troop and equipment costs of closed missions was a long-standing problem caused by the refusal of some Member States to pay their related assessments. The amounts owed with respect to current peacekeeping missions was also cause for concern.

15. While recognizing the Secretariat's efforts to reduce the time period for payments, the delays in making payments to troop-contributing countries were affecting MONUC and the United Nations Peacekeeping Force in Cyprus (UNFICYP), in addition to the United Nations Interim Administration Mission in Kosovo (UNMIK) and the United Nations Mission for the Referendum in Western Sahara (MINURSO). That was a reason for serious concern, and his delegation wished to know the reasons for the delay in making payments.

16. The 2005 World Summit Outcome requested the Secretary-General to provide an assessment and recommendations concerning the financial regulations and rules of the Organization. The Secretary-General should therefore examine how peacekeeping funds might be better managed in order to achieve synergy in the use of financial resources among missions and to meet the Organization's obligations to Member States. The Committee should also consider how Member States' unpaid contributions might be offset against credits due to them, and how payments due to Member States for past peacekeeping operations might be offset against their current assessments. Lastly, it should examine how liabilities owed to troop contributors might be given a higher priority than other peacekeeping-related liabilities.

17. **Mr. Malek** (Malaysia) said that his delegation regarded the regular, tribunal and peacekeeping budgets as equally important components of the Organization's financing. Although the improvement in the Organization's cash position and the decline in the peacekeeping budget were encouraging, Malaysia remained concerned about the continued fragility of the overall financial situation and at the fact that the international tribunals and several ongoing peacekeeping missions had been obliged to borrow funds from closed peacekeeping missions. It was vital

to provide adequate resources and tools to the peacekeeping missions and his delegation hoped that that situation would not be repeated in the next budget.

18. The welcome decline in the amount outstanding to the international tribunals should continue and all aspects of the implementation of the capital master plan should be completed as soon as possible. Malaysia looked forward to receiving a detailed report on the plan in early November 2005. His delegation was mindful of the difficulties faced by some Member States in settling their arrears, but hoped that they, and the major contributors in particular, would honour their assessed contributions and settle their arrears, since the only viable way to ensure the financial health of the Organization was for Member States to meet their financial obligations in full, on time and without conditions.

19. **Mr. Torres Lépori** (Argentina), speaking on behalf of the Rio Group, said that although the Group welcomed the improvement in the Organization's cash flow position, it was concerned at the continued fragility of its overall financial position and at the possibility that cross-borrowing operations might again be necessary for the continued operation of peacekeeping missions and the international tribunals.

20. The Rio Group understood that the Organization must be financially sound in order to fulfil its mandates. Although some of its members had fallen behind in their payments, the delays were due to their internal budgetary problems or to the need to allocate funds to urgent social programmes such as the fight against poverty. A number of member countries had either recently made or would shortly make substantial payments into the Organization's budgets, thereby demonstrating their commitment to the United Nations.

21. Although the Group was pleased to note that the pace of reimbursements for troops and contingent-owned equipment had increased significantly, it was concerned at the delays in payments to peacekeeping missions and at the prospect that troop contributors to MONUC would not be reimbursed in December 2005. The Group welcomed the slight improvement in the financial position of the international tribunals and would await the report on the capital master plan before offering its thoughts on the matter.

22. **Mr. Kittikhoun** (Lao People's Democratic Republic), speaking on behalf of the Association of South-East Nations (ASEAN), welcomed the improvement in the finances of the Organization but remained concerned that it might still end the year in the red because of delays in the payment of arrears. Failure to address the difficult financial situation of the United Nations would prevent the Organization from carrying out its activities effectively. While ASEAN was pleased to note that the practice of borrowing funds from peacekeeping operations had been limited in 2005, it was concerned that cross-borrowing might still be needed in order to finance regular budget activities, a practice that had led to delays in reimbursements to troop-contributing countries from the developing world. The situation should therefore be addressed on a priority basis.

23. It was the collective responsibility of all Member States to finance the United Nations and while ASEAN recognized that some countries were experiencing genuine economic difficulties, it urged all Member States to honour their obligation to provide the Organization with adequate resources, in a timely manner.

24. **Mr. Kumalo** (South Africa) said that Member States should step up their efforts to meet their obligations under the Charter of the United Nations. Over the previous year they had been reflecting on ways to strengthen the ability of the Organization to meet the ambitious agenda set at the Millennium Summit. During that process, they had placed great emphasis on the functioning of the Secretariat and on measures to enhance the accountability of staff to the Organization and its Member States. Regrettably, however, less emphasis had been placed on Member States' responsibilities towards the Organization and its staff.

25. The challenge for the current session was to focus on implementing the 2005 World Summit Outcome. However, Member States would be able to maintain the momentum provided by that Summit only if they made a more concerted effort to act on their obligations under the Charter of the United Nations and pay their assessed contributions in full, on time and without conditions. That was especially important with respect to those Member States that had the capacity to do so.

26. South Africa welcomed the progress made towards reducing the amounts outstanding for the two International Tribunals, which had been created by the international community as a demonstration of its collective will to deal with the gross human rights

abuses and acts of genocide that had been perpetrated in the two countries concerned. Both Tribunals were nearing the end of their mandates and the international community could not fail the victims. South Africa therefore remained alarmed that the Tribunal for Rwanda might once again end the year in deficit, and trusted that the international community would muster the political will to ensure that its condemnation of the abuses suffered by the people of Rwanda in 1994 amounted to more than mere words.

27. His delegation also trusted that the Organization would reimburse those Member States that had provided troops and equipment to peacekeeping operations, especially as the bulk of the outstanding amounts was owed to African and other developing countries. He hoped that the United Nations would make the reimbursements overdue to South Africa as a matter of urgency.

28. It was ultimately in Member States' common interest to ensure that the Organization fulfilled its objectives and was able to operate in an efficient manner. South Africa would always be grateful for the immense contribution made by the United Nations towards ending apartheid and would make every effort to ensure its continued success.

29. **Mr. Aljunied** (Singapore) said that the Controller's assertion that the Organization must have a strong and dependable financial base had been repeated in some form or other year after year, always falling on deaf ears. Once again, the Organization remained dependent on the receipt of unpaid contributions before the end of the year.

30. Some years before his delegation had used the analogy of a building with a number of unreasonable tenants to describe the Organization's financial situation. In fact, the very title of the agenda item was optimistic, for little improvement ever took place. The situation obstructed the activities of the United Nations and impaired the morale of its Members. It was baffling that some Member States, in particular the major contributor, continued to incur arrears or did not pay their assessed contributions. The countries concerned were not failed States, and conflicts between their legislative and executive branches were no excuse for the imposition of conditions on their international obligations. The fulfilment of financial obligations to the United Nations was clearly linked to the notion of accountability. A country or group of countries could not demand accountability within the United Nations when they themselves did not meet that standard.

31. The other side of the coin was political, for in most cases there was more than enough money to pay a country's assessed contributions. It was wrong for countries to pick and choose which of the mandated programmes to fund.

32. It would be ironic if Member States reneged on the commitment to a strong and effective United Nations made at the recent World Summit out of a lack of political will to fulfil their financial obligations. It was a question of commitment as well as of money and the Organization could be only as effective as its Member States allowed it to be. Singapore called upon Member States to follow its example by paying their assessed contributions in full, on time and without conditions.

33. **Mr. El Sahli** (Saudi Arabia) said that the United Nations needed to be in a healthy financial position in order to carry out its mandated activities, especially those aimed at developing countries. Saudi Arabia always fulfilled its commitments to the regular budget and the budget of the international tribunals, as the financial position of the United Nations depended on the willingness of its Member States to pay their assessed contributions in full, on time and without conditions. His delegation welcomed the slight improvement in that regard.

34. Since peacekeeping was one of the Organization's most important areas of activity, Saudi Arabia reaffirmed its commitment to pay its assessed contributions to the peacekeeping budget and again stressed the need to ensure that peacekeeping operations were carried out efficiently.

35. If the Member States continued to mandate more and more activities, especially in the field of economic and social development, they must at the same time meet their responsibilities with regard to all the United Nations budgets.

36. **Mr. Iossifov** (Russian Federation) said that the trend towards improvement of the financial situation was obvious although the problems were still far from being solved. Failure by Member States to fulfil their financial obligations obstructed the needed increase in expenditure in a number of areas, in particular on peacekeeping operations. An adverse effect on the maintenance of international peace and security could

be avoided only by stricter cost-saving measures, stronger financial discipline, and prompt settlement of arrears.

37. In recent years, his Government had been meeting its obligations to the United Nations budgets in full and on time. All Member States must fulfil their Charter obligations in that regard without turning the payment of contributions into an instrument of political pressure. The Controller was right to say that only a strong and predictable financial base could enable the Organization to carry out the tasks assigned to it by Member States. Stable financing was also a prerequisite for the success of the reform of the United Nations. All member States which had not yet done so should pay their arrears to the Organization and thus strengthen its capacity to respond to global challenges, carry out mandated programmes and projects, and adapt to the needs of the global community.

38. **Mr. Muhith** (Bangladesh) said that the Organization's financial situation remained a source of concern despite some progress during 2005. Unpaid contributions to the budgets and the capital master plan had in fact increased, and the Organization was again dependent on collecting unpaid assessed contributions in the final quarter. Bangladesh fulfilled its Charter obligations and urged all Member States to do likewise. However, States temporarily unable to fulfil their obligations for reasons beyond their control should be treated with sympathy.

39. Where the peacekeeping budget was concerned, the debt owed to Member States in respect of troop contributions and contingent-owned equipment would be about $779 million at the end of 2005. The unhealthy practice of cross-borrowing had in the past resulted in inordinate delays in making reimbursements to such States. Bangladesh therefore appreciated the Secretary-General's commitment to reducing the level of that debt.

40. **Mr. Sun** Xudong (China) said that without a stable and solid financial base any talk of a robust role for the United Nations would be idle. Such a base was particularly essential at a time when the United Nations was undergoing reform. The statistics given by the Controller showed that most Member States had paid their assessed contributions in full and on time but that a few had failed to do so. Unless Member States took their financial obligations in earnest, the budgets of the United Nations would become mere pieces of paper without any binding force.

41. Although a developing country, China had managed to pay in 2005 assessed contributions totalling more than $159 million. His delegation once again called upon all the Member States to fulfil their financial obligations under the Charter so that the United Nations would be able to perform its functions better.

42. **Mr. Al-Hayen** (Kuwait) said that the vital role of the United Nations in various fields was an incentive for greater cooperation among Member States to ensure its continued ability to fulfil its mandates. The failure of some States to pay their assessed contributions in full and on time led to instability in the Organization's daily operations. Furthermore, reform of the United Nations would be impossible without a proper financial base. In order to secure such a base, Member States and the Secretariat must pursue a reform plan which addressed the Organization's operational defects. All Member States must demonstrate the political will to fulfil their financial obligations. For its part, Kuwait would continue to do so.

43. **Mr. Requeijo Gual** (Cuba) said it was regrettable that, yet again, the report of the Secretary-General on the item had not been issued in good time.

44. The current and prospective financial situations described by the Controller were alarming. Once again the Organization was dependent on the collection of the assessed contributions of a small group of countries by the end of the year. Furthermore, the changes in the scales of assessments for the regular and peacekeeping budgets adopted in resolutions 55/5 and 55/231 had had the negative effect of substantially increasing the assessed contributions of many developing countries and had departed from the principle of capacity to pay. Cuba itself and other countries had experienced difficulty in paying their contributions despite their political will to do so and the increasingly harsh situation resulting from the inequalities of an unjust world order.

45. The arrears of the Organization's main contributor amounted to approximately 68 per cent of the total arrears under the regular budget. It was unacceptable for that Member State, having exerted pressure to secure a reduction in its own assessed contribution, not to honour its financial obligations. He hoped that the situation was not due to a return to the

policies of intimidation and blackmail that had been pursued by that Member State and was not linked to moves in its Congress to withhold payment of its debts to the United Nations if its reform demands were not met. The General Assembly should monitor the payments made by that Member State very closely and, if necessary, adjust the ceiling upwards for the period 2007-2009.

46. Cuba was up to date with its contributions to the regular budget and the budget of the international tribunals and had substantially reduced its debt to the peacekeeping budget, despite the economic difficulties caused by the tightening of the economic, trade and financial embargo which the United States had maintained against Cuba for more than 45 years. One particular problem was that Cuba could not use the United States dollar for its international transactions and was therefore subject to monetary fluctuations and the need to make transactions through third countries. Nevertheless, Cuba reaffirmed its political will to fulfil its financial obligations and called upon all other Member States to do likewise.

47. **Mr. Shin** Kak-soo (Republic of Korea) said that the ambitious programme of reform approved at the World Summit impl[illegible] a recognition of the indispensable role of the United Nations. However, as the Secretary-General pointed out in his report, the Organization needed a strong and dependable financial base if it was to play that role. Of course, the reform itself was made more difficult by the uncertain financial situation, and the primary responsibility for the Organization's financial health certainly rested with its Member States. Despite some signs of improvement in 2005, past problems persisted.

48. The Republic of Korea had always paid its assessed contributions to the budgets of the two International Tribunals but remained concerned about their high costs. It had therefore welcomed the 2004 recruitment freeze and hoped that the Tribunals would complete their work by 2010 in accordance with the completion strategy. But that would require Member States to pay their assessed contributions to the Tribunals. Some 110 States were in arrears, while 10 had made no contributions at all.

49. The growth of the amounts owed to Member States in respect of peacekeeping operations was also a cause of concern. States could continue to contribute troops only if their costs were reimbursed. The Republic of Korea was experiencing difficulty in paying its contributions to the peacekeeping budget owing to the unprecedented increase both in its share of the budget and in the absolute level of its assessment. However, his Government was working on a payment plan to enable it to meet its obligations. It remained fully committed to meeting all its responsibilities to the United Nations.

50. **Mr. Tal** (Jordan) said that, in view of the expansion of the role of the United Nations, Member States must fulfil their financial obligations to the Organization in order to ensure that it could continue to implement its mandates successfully. While Member States needed full, timely and accurate information on the financial situation of the United Nations in order to take decisions on administrative and budgetary matters, periodic oral presentations on that issue did not constitute an effective and participatory mechanism for the evaluation of the Organization's financial health.

51. He remained concerned about the unpaid assessments of certain Member States, in particular the Organization's major contributor. It was unacceptable that 40 per cent of all assessments due and payable were outstanding and he appealed to all States to honour their financial commitments. Furthermore, as one of the major troop-contributing countries, Jordan took a keen interest in the financial situation of peacekeeping operations and found it difficult to understand how mandates could be implemented effectively when 50 per cent of all assessments issued by 7 October 2005 had not been paid. Lastly, in view of the importance attached by the General Assembly to reform and accountability, the United Nations must take the necessary steps to ensure the timely reimbursement of costs relating to troops and contingent-owned equipment.

52. **Mr. Nguyen Dinh Hai** (Viet Nam) welcomed the improvement in the Organization's cash flow position but noted that concerns remained over the continuing fragility of the financial situation in general. The financial health of the United Nations depended on both its capacity to manage its resources and the payment of assessments by Member States. With regard to the former, he recalled that strengthening of the planning and budgeting process was one of the most important components of the Organization's reform agenda and called on the Secretariat to expedite its implementation of General Assembly resolution 57/278, in particular paragraph 6 thereof.

53. While Member States must honour their financial commitments under the Charter, some of them, in particular developing countries, might temporarily be prevented by special circumstances from paying their assessed contributions in full and on time. Any measures to encourage the payment of arrears should therefore be in keeping with the provisions of General Assembly resolution 57/4 C. Furthermore, multi-year payment plans should remain a voluntary mechanism and should not be linked to the granting of exemptions under Article 19 of the Charter.

54. **Mr. Kozaki** (Japan) said that the report on improving the financial situation of the United Nations tended to focus on whether or not Member States had paid their assessed contributions rather than addressing the abrupt and sharp increases in assessment rates. According to the revised estimates, the peacekeeping budget for 2005-2006 amounted to approximately $5 billion, as compared to $2.8 billion for the previous biennium, and it seemed likely that the regular budget for 2006-2007 would reach the unprecedented level of $4 billion. His delegation was both surprised and concerned at those increases, particularly since Member States' ability to pay their assessed contributions had not improved significantly over the previous two years.

55. While periodic reports on the Organization's financial situation provided Member States with a useful overview of the Secretariat's position at a given moment, the issues underpinning specific scenarios also deserved consideration. Serious thought must be given to ways of striking a balance between the affordability of assessed contributions and the needs of the Organization.

56. **Mr. Farooq** (Pakistan) said that without adequate financial resources the United Nations could not be expected to fulfil its intergovernmental mandates in an effective manner. He therefore could not overemphasize the need for Member States to pay their assessed contributions in full, on time and without conditions. Although the Organization's cash-flow position had improved, the overall financial situation remained unstable and unpaid assessments for the regular budget, the two International Tribunals and the peacekeeping budget stood at $739 million, $73 million and $2.1 billion, respectively.

57. He was deeply concerned about the Organization's mounting debt to Member States, which was expected to reach $779 million by the end of the year. Troop-contributing countries were particularly affected by the delay in reimbursements and Pakistan was currently owed in excess of $50 million. His delegation also had reservations about the practice of cross-borrowing, which penalized those who paid on time and led to further delays in reimbursements for troops and equipment.

58. Notwithstanding those difficulties, Pakistan had always played a role in the maintenance of international peace and security and had paid its dues to the United Nations punctually. However, while the Fifth Committee discussed the financial situation of the United Nations on an annual basis, its discussions did not find concrete expression in a decision or resolution. The Committee should therefore explore the possibility of instituting a follow-up mechanism for the agenda item in question.

59. **Ms. Udo** (Nigeria) pointed out that children worldwide had begun to recognize United Nations peacekeepers as a beacon of hope. Member States had a collective responsibility to ensure that the Organization could continue to play a crucial and strategic role on the global stage and they must therefore abide by their Charter obligation to provide it with adequate financial resources for the implementation of all its mandated activities.

60. As at 7 October 2005, 126 Member States had demonstrated their commitment to the ideals of the United Nations by paying their regular budget contributions in full. However, despite the importance they attached to the Organization's activities, some Member States were currently unable to meet their financial obligations on account of severe economic difficulties. Nigeria extended its support and understanding to those States.

61. Outstanding assessments for peacekeeping operations were more than $400 million lower than at the end of 2004. On the other hand, the debt owed to Member States by the Organization for troops and contingent-owned equipment was expected to reach $779 million by the end of the year. While her delegation had taken note of the explanation given for the delay in reimbursements, the payment of amounts owed to Member States should be accorded priority. Developing countries, in particular, were in need of that money.

62. Of the $345 million in the accounts of closed peacekeeping operations, $262 million was already accounted for, leaving only $83 million available for cross-borrowing. However, Nigeria was encouraged to see that the cash position of the regular budget and the international tribunals was stronger than it had been at the end of 2004 and hoped that the Organization would end the year in the black.

63. **Mr. Sach** (Controller) informed the Committee that, since 7 October 2005, Antigua and Barbuda had paid its regular budget contributions in full and Vanuatu had paid all its assessments to both International Tribunals. The Czech Republic and the Sudan had now paid in full all assessments that were due and payable.

64. He was sympathetic to troop-contributing countries' concerns about the debt owed to them. While the Organization always strove to reimburse those countries on a quarterly basis, its ability to make payments depended entirely on the cash available in the relevant peacekeeping accounts. In fact, cash-flow problems were likely to delay December payments for MONUC. In order to improve the Mission's cash-flow situation and therefore expedite the settlement of outstanding debts, Member States should endeavour to pay their December 2005 assessments ahead of time. In contrast, provided that the cash position of UNMIK did not deteriorate before the end of the year, reimbursements for police officers for the period ending August 2005 would be paid in full.

65. Lastly, to avoid ending the year with a regular budget deficit, Member States would have to replicate the previous year's payment patterns. That scenario might not be possible, however, since the largest amount outstanding was due from a Member State that had not yet adopted a budget to fund its assessed contributions.

Agenda item 131: United Nations common system
(A/60/7/Add.3, A/60/30 and A/60/209)

66. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission), introducing the report of the International Civil Service Commission for the year 2005 (A/60/30), said that the Commission, which had been established by the General Assembly to regulate and coordinate the conditions of service of the United Nations common system, had a crucial role to play in supporting the work of the Fifth Committee. Since 2001, its main priority had been the reform of the pay and benefits system, in particular the development of new approaches in the field of human resources management as part of the overall United Nations reform process. Its work had given rise to two significant products, namely a framework for human resources management and the new Job Evaluation Master Standard for the Professional and higher categories.

67. As part of the framework, the Commission had agreed on two possible new approaches to the way in which staff were paid, namely, pay for performance and broadbanding. Five organizations had volunteered to participate in a pilot study to test the new approaches and, to date, the results had been encouraging. Some organizations had made more progress than others, but staff and managers were enthusiastic about the new venture, which would recognize and reward individual and team contributions. However, the Commission was concerned that a number of the organizations involved had considered making minor changes to the test modalities that had been established in 2004. In order to address that situation, it had engaged in a frank and open dialogue with those organizations that were so inclined and would continue to monitor the situation.

68. With regard to the mobility and hardship scheme, he recalled the General Assembly's long-standing concerns about the linkages between base/floor salary and the associated entitlements. In accordance with General Assembly resolution 55/223, the Commission had established a tripartite working group to develop new arrangements for encouraging mobility and compensating staff for service in difficult duty stations. Despite the sensitive and contentious nature of the issue, the working group had reached agreement on a proposal, details of which could be found in the report. The parameters of the new arrangements had been devised in order to underline the importance of the hardship component and to ensure that the changes did not generate any additional costs. The Commission had recommended that the new scheme should be implemented on 1 July 2006 and that the current system should continue to operate in the meantime, which would result in a total cost of $1.19 million for the first half of 2006.

69. The Commission was continuing to review the methodology for determining the level of the education

grant and would, at future sessions, be discussing the feasibility of lump-sum payments and other options. It had also decided to report to the Assembly that the contemporary rationale for maintaining separate dependency and single rates on the base/floor salary scale was directly linked to the practices of Member States that maintained such a differentiation in their own tax systems. The distinction in remuneration for staff with and without primary dependants was appropriate and should be maintained, but the Commission would continue to study the matter as part of its review of the pay and benefits system.

70. The Commission had been studying the issue of contractual arrangements for two decades. It was faced with the dual challenge of integrating the concept of career and non-career service with the ability of the various organizations to recruit and retain the best staff and, at the same time, coordinating and harmonizing the varying arrangements so as to avoid discrepancies in designation and conditions of appointment. Following extensive dialogue with the organizations and staff, it had been agreed to establish three types of contracts, corresponding to continuing, fixed-term and temporary appointments, and the ensuing framework, details of which could be found in annex IV to the report, allowed for both consistency and flexibility.

71. The definition of criteria for the application of hazard pay had been revised as a result of the emergence of fatal diseases to which medical personnel were exposed in the performance of their duties. It had also been decided to increase the level of hazard pay for internationally recruited staff from $1,000 to $1,300 per month as from 1 January 2006. The cost of that increase would be approximately $1.4 million per month. There were no plans to increase the level of hazard pay for locally recruited staff in view of the increase granted in 2004. The Commission maintained that it was impossible to appropriately compensate dedicated staff working in hazardous conditions and that a price could not be placed on life. It wished to reiterate its appreciation for the bravery and commitment of all staff who continued to put their lives on the line in the service of the Organization.

72. In response to a request by the General Assembly, the Commission had considered the harmonization of practices relating to the entitlements of staff serving at non-family duty stations. It had agreed with the rationale for maintaining two separate approaches under the special operations and mission subsistence regimes, which were applied to address the different needs and requirements of different groups of personnel serving under different types of appointment. In addition, it had endorsed the proposed change from mission subsistence allowance to the after-60-day daily subsistence allowance rate as the basis for calculating the special operations living allowance under the special operations approach.

73. An adjustment of the United Nations common system's scale by 2.49 per cent would be necessary in 2006 in order to maintain the base/floor scale in line with the General Schedule (base) scale of the comparator, the United States federal civil service. The adjustment would be made on a no-loss/no-gain basis by consolidating post adjustment multiplier points. The financial implications that would arise as a result of increased separation payments and mobility and hardship payments, which were calculated on the basis of the base/floor salary scale, would be approximately $2.8 million for 2006. The net remuneration margin for 2005 between United Nations officials in the Professional and higher categories and United States federal civil service employees in comparable positions had been estimated at 111.1 on the basis of the approved methodology and existing grade equivalencies. While the margin was within the range and the Commission was not proposing an adjustment, it had decided to draw to the attention of the General Assembly the fact that the current level of the margin was 3.9 percentage points below the desirable midpoint of 115.

74. In the context of the Commission's periodic studies of grade equivalencies between positions in the United Nations common system and comparable positions in the United States federal civil service, a review of a random sample of positions in the Senior Executive Service of the comparator had begun and would be completed by the end of the year. The slow pace was largely due to changes in the comparator, as well as in the United Nations common system. The Commission would report to the General Assembly on the results of the exercise at the Assembly's sixty-first session.

75. The Commission believed that the practice of basing the salaries of United Nations staff in the Professional and higher categories on those applicable in the civil service of the country with the highest levels of pay, using certain international organizations as a reference check, was sound. It had recently carried

out a study to determine the highest paid civil service. The national civil services of Belgium, Germany, Singapore and Switzerland had been identified as among the best paid. However, an initial examination of total compensation in the German, Singaporean and Swiss civil services had demonstrated that none of them would be an appropriate replacement for the current comparator. A preliminary study of the Belgian civil service was under way. The General Assembly would be kept informed of progress in that regard.

76. The Commission's report also contained updated information on the implementation of the new Job Evaluation Master Standard for the Professional and higher categories. The participating organizations had expressed satisfaction with the new Master Standard, which was intended as a building block for competency development and performance management and, ultimately, improved organizational performance. It was anticipated that the rate of implementation would increase over time as the organizations established the necessary infrastructure and internal processes. A support network to assist organizations that might be experiencing difficulties in implementing the Master Standard was being contemplated.

77. Surveys of the best prevailing conditions of employment for the General Service and related categories had been undertaken in Paris and Montreal on the basis of the revised headquarters methodology established in 2004. As a result of the surveys, the Paris salary scale had been increased by 1.19 per cent and the Montreal salary scale by 8.9 per cent at an overall cost of approximately $750,000 and $1.2 million, respectively, at the March 2005 exchange rate for the euro and the July 2005 exchange rate for the Canadian dollar.

78. Lastly, information was provided in the Commission's report in response to questions raised by the General Assembly concerning the comparators used in determining entitlements such as leave and allowances and the practices of other relevant civil services and international organizations with respect to education grants.

79. The Commission appreciated the Committee's interest in and support for its work and the valuable guidance it provided. The views expressed by the Committee would continue to form the basis for the Commission's future work.

80. **Mr. Fareed** (Director of the Secretariat of the United Nations System Chief Executives Board for Coordination), introducing the note by the Secretary-General on the Senior Management Network (A/60/209), said that the note had been prepared pursuant to General Assembly resolution 59/268, in which the Secretary-General was requested, in his capacity as Chairman of the United Nations System Chief Executives Board for Coordination (CEB), to redesignate the Senior Management Service to reflect its character as a set of collaborative efforts to enhance the mana- ial capacity and performance of senior staff of United Nations system organizations. The Senior Management Service had been conceived as a means of strengthening managerial and leadership capacity and contributing to the creation of a common managerial culture throughout the system. In response to resolution 59/268, it had been redesignated as the Senior Management Network. That designation reflected the main purpose of the initiative, which was to create a managerial network across the system, underpinned by a system-wide leadership programme. He wished to underscore that the Network would not involve any change in conditions of service, compensation or contractual arrangements, nor would it have any financial implications, since the costs of the leadership programme would be met from within the organizations' training budgets.

Agenda item 124: Proposed programme budget for the biennium 2006-2007 (*continued*)

Agenda item 131: United Nations common system (*continued*)

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2005 (A/60/7/Add.3 and A/60/421)

81. **Ms. Van Buerle** (Officer-in-Charge of the Programme Planning and Budget Division) introduced the Secretary-General's statement on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2005 (A/60/421), which was submitted pursuant to rule 153 of the rules of procedure of the General Assembly. The Commission had recommended an upward adjustment of the base/floor salary scale for staff in the Professional and higher categories by 2.49 per cent,

with effect from 1 January 2006. That would result in increases in the levels of mobility and hardship allowance and separation payments. The financial implications for the proposed programme budget for the biennium 2006-2007 were estimated at $975,300.

82. The proposed adjustment to staff assessment rates for staff in the Professional and higher categories would lower gross salaries by 20 per cent but would have no effect on net salaries. The application of the new rates would result in a reduction of the estimated requirements for the biennium 2006-2007 in the amount of $48.9 million under section 35 (Staff assessment). However, the estimated incomes under income section 1 (Income from staff assessment) would be reduced in the same amount, resulting in a zero net effect for the total level of the proposed programme budget for the biennium 2006-2007.

83. The Commission's decision to increase the level of hazard pay granted to internationally recruited staff from $1,000 to $1,300 per month, effective 1 January 2006, would lead to additional requirements of $4.7 million for the biennium 2006-2007.

84. The total additional requirements resulting from the Commission's decisions and recommendations were estimated at $5.7 million. Those additional requirements would be reflected in the recosting of the proposed programme budget estimates prior to determination of the appropriation by the General Assembly.

85. **Mr. Saha** (Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)), introducing the related report of ACABQ (A/60/7/Add.3), said that, as in the past, the Advisory Committee had confined its consideration of the financial implications of the Commission's recommendations and decisions to those that affected the United Nations, although the Commission's report contained decisions and recommendations that would affect other United Nations system organizations. The Advisory Committee's consideration of the Secretary-General's statement was usually a routine matter. However, in considering the current statement, it had questioned the use of the term "no-loss/no-gain", which for years had been accepted more or less on faith. The Advisory Committee had requested an explanation of the analysis underlying the Administration's conclusion that an upward adjustment of the base/floor salary scale could come at no additional cost to the United Nations. The additional information provided by the Secretariat had satisfied the Advisory Committee's concern. However, it had not been ready in time for inclusion in the report. As stated in that document, the explanation should be provided to the Fifth Committee and included, as appropriate, in all future statements of the Secretary-General on the administrative and financial implications of the Commission's decisions and recommendations.

86. **Mr. Horner** (United Kingdom), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia and Turkey; the stabilization and association process country Serbia and Montenegro; and, in addition, Ukraine, said that the European Union attached great importance to the effective functioning of the common system. It was also committed to the Noblemaire principle, since fair remuneration for United Nations staff, who constituted the Organization's most valuable asset, was key to its efficient operation.

87. The International Civil Service Commission made an important contribution to the creation of a results-oriented United Nations that focused on high performance, continuous learning and managerial excellence. Regarding the Commission's report (A/60/30), the European Union welcomed the ongoing review of the pay and benefits system. It was concerned, however, about the differences of opinion between the Commission and the participating organizations concerning the modalities for the pilot study of broadbanding/reward for contribution. Those differences must be resolved quickly so that the Commission could in due course make an accurate assessment of the impact of the pilot study and the feasibility of broadbanding/reward for contribution.

88. The European Union welcomed the Commission's efforts to streamline contractual arrangements and noted with satisfaction that its proposals in that regard were acceptable to both the Human Resources Network and the staff associations. Giving staff more predictability in terms of contracts would enhance motivation, which could only benefit the Organization. The European Union was ready to take a decision on implementing the new contractual arrangements, which were long overdue. It had taken note of the Commission's proposals regarding hazard pay, entitlements of internationally recruited staff serving at non-family duty stations and the base/floor

salary scale and of the financial implications of those proposals and would revert to those matters in informal consultations.

89. The system-wide leadership programme to be launched within the framework of the Senior Management Network was an essential instrument for building managerial capacity and leadership, strengthening partnerships and enhancing mobility throughout the United Nations system, as well as creating a common managerial culture. The European Union welcomed the assurance that the Network would not involve the creation of a separate category of staff or new positions. It looked forward to receiving further information concerning the Network in informal consultations.

90. The report of the Panel on the Strengthening of the International Civil Service (A/59/153) contained pertinent, yet modest, recommendations for strengthening and modernizing the Commission and maximizing the impact of its work. It was to be hoped that the Committee would take action on the report at the current session.

91. **Mr. Garcia** (United States of America) said that his delegation was a strong supporter of an effective international civil service. With regard to the pilot study of broadbanding/reward for contribution, it shared the concerns expressed by the Commission that certain volunteer organizations might be deviating from the study's parameters. In that connection, it wished to remind the organizations of the provisions of General Assembly resolution 59/268, which stated that no new strategy or pilot project in broadbanding should be undertaken until the Assembly had had an opportunity to review the results of the pilot study being conducted by the Commission.

92. His delegation was pleased to note that the Commission had completed its review of contractual arrangements and adopted a framework of guidelines for each category of contract proposed. The simplification of the current overly complex system was long overdue, and it was now up to Member States to act. Under the Commission's proposals, standard separation procedures would apply on separation of staff with fixed-term contracts. He asked whether that was the current practice and, if not, what the financial implications would be and what the rationale was for adopting such procedures. He also wished to know what other additional costs might result from the new framework.

93. His delegation welcomed the proposals for a comprehensive revision of the mobility and hardship scheme; the changes envisaged would compensate staff for service in hardship locations, while encouraging mobility. However, it noted with concern that the revised scheme would not be implemented until 1 July 2006 and wondered what the rationale for that starting date was. The Commission should also explain why no distinction was made in the proposals between headquarters and non-headquarters duty stations. His delegation looked forward to further discussion of those matters and of the legal and financial implications of the revised scheme.

94. Grade equivalency was a fundamental component in measuring and comparing net salaries in the United Nations common system and the comparator. His delegation therefore urged the Commission to complete the ongoing grade equivalency review as soon as possible.

95. The chapter of the Commission's report dealing with the implementation by organizations of decisions and recommendations of ICSC (A/60/30, chap. VI) lacked substance. It would be of greater value if a clear indication was given, perhaps in graphic form, of progress made in that regard.

96. His delegation was disappointed that the Committee had yet to take action on the report of the Panel on the Strengthening of the International Civil Service (A/59/153). The Committee's inaction sent the wrong signal to the many common system stakeholders, implying that members were unable to agree on simple ways of improving a system that affected tens of thousands of civil servants and their families.

97. Lastly, with regard to the note by the Secretary-General on the Senior Management Network (A/60/209), he emphasized that the Network must have clearly defined objectives.

98. **The Chairman**, in accordance with General Assembly resolution 35/213, invited the President of the Federation of International Civil Servants' Associations (FICSA) to make a statement.

99. **Mr. Weissel** (President of the Federation of International Civil Servants' Associations) said that, regrettably, international civil servants were

bystanders, rather than active participants in the process of United Nations reform. The United Nations staff constituted the system's most precious asset, yet in recent years the conditions of service of staff members had been scrutinized and their abilities and dedication to duty called into question, and there had been a clear drift away from the basic principles of the international civil service. FICSA participated in inter-agency forums whenever possible with a view to ensuring that the conditions of service of United Nations staff remained at a level befitting an international civil service. In that connection, it believed that staff had the right to be fully and actively involved in the consideration of reforms that could affect their lives and livelihoods. Their involvement could, moreover, make a positive contribution to the reform process.

100. FICSA followed very closely the issue of staff security. It noted with satisfaction the very positive developments in that area, including the establishment of the Department of Safety and Security. The proactive manner in which the new Under-Secretary-General for Safety and Security had embraced staff concerns and his efforts to ensure communication with staff were most welcome. However, two goals remained to be realized. First, an enforceable accountability framework must be established with a clear line of accountability to the Secretary-General. Second, central and regular funding must be provided for the United Nations security management system. That would ensure equity and consistency in the provision of security to staff throughout the United Nations system, regardless of the organization, agency, fund or programme in which they served.

101. The staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) worked in a highly volatile and difficult environment yet did not receive hazard pay. Member States must do their utmost to ensure that the necessary funds were provided, perhaps through a special annual allocation.

102. FICSA had participated in both sessions of ICSC in 2005, as well as in the Working Group established to consider the revision of the mobility and hardship scheme. The conclusions reached by the Working Group were the result of a collaborative effort by the staff representatives, the organizations and the ICSC secretariat. While FICSA would have preferred to retain the existing scheme, which remained viable, it believed that the proposal presented represented the best compromise that could be achieved under the circumstances. The Working Group had been both effective and inclusive, and FICSA therefore wished to encourage the Commission to consider the establishment of additional working groups to examine other complex issues before it.

103. FICSA had serious concerns about the review of the pay and benefits system and about the suitability of applying such concepts as broadbanding and performance-related pay in the United Nations common system. Its concerns had been heightened on learning that some organizations had not adhered strictly to the modalities for the conduct of the related pilot study. While it was not opposed to the review, or to United Nations reform in general, any changes to the common system must be implemented in accordance with agreed principles.

104. FICSA was extremely disappointed that ICSC had not recommended action to restore the net remuneration margin, estimated at 111.1 for 2005, to the midpoint of 115, despite repeated calls by the General Assembly for its maintenance at that level.

105. The Commission's efforts to simplify contractual arrangements were welcome. However, Member States must ensure that staff retained the opportunity to make a career in the United Nations system and that career service continued to be valued. Fair and transparent contractual arrangements that offered careers to a designated proportion of staff were vital for the preservation of the international civil service.

106. Lastly, FICSA was pleased to note that the Committee would consider at the current session the report of the Panel on the Strengthening of the International Civil Service (A/59/153). Recommendations 1 to 8, if adopted, would help to ensure that ICSC had the necessary tools to effectively examine and make recommendations on conditions of service in the common system. The other recommendations, however, did not correspond to the Panel's terms of reference. In that connection, FICSA wished to stress that ICSC was the body established by the General Assembly to make recommendations on conditions of service in the common system.

The meeting rose at 1 p.m.

United Nations A/C.5/60/SR.10

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Summary record of the 10th meeting
Held at Headquarters, New York, on Friday, 21 October 2005, at 10 a.m.

Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saiha

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The meeting was called to order at 10 a.m.

Agenda item 131: United Nations common system *(continued)* (A/60/30 and A/60/209)

Agenda item 124: Proposed programme budget for the biennium 2006-2007 *(continued)*

Agenda item 131: United Nations common system *(continued)*

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2005 (continued) (A/60/7/Add.3 and A/60/421)

1. **Ms. Soni** (Canada), speaking also on behalf of Australia and New Zealand, said that human resources policies and management were at the heart of efforts to improve the performance of United Nations system organizations. The International Civil Service Commission (ICSC) should play an important role in the development of modern human resources practices and of conditions of service that responded to organizational requirements and to the diversity of operating environments.

2. The launching of the review of the pay and benefits system at the Commission's fifty-seventh session had been a timely step. The pilot study on broadbanding/reward for contribution would help to strengthen performance-based human resources management. The delegations for which she spoke looked forward to receiving clarification of the concerns raised by the volunteer organizations about the study design and to learning whether changes were needed to ensure relevant and applicable results.

3. With regard to the mobility and hardship scheme, the decisions to separate the mobility element from the hardship element and to delink both the mobility and hardship allowances from the base/floor salary scale were welcome. It would be interesting to know how a balance had been struck between the two elements and how the Commission would assess the effectiveness of the allowances as incentives. Noting that payments would be reviewed every three years, she asked whether the Commission intended to adjust the allowances in the light of salary movements.

4. While the three delegations appreciated the Commission's efforts to modernize and simplify allowances, they noted with concern that it had failed to respond to the General Assembly's request in resolution 59/268 to inform it which entities were used as comparators for determining entitlements such as leave and allowances and whether it would be feasible to apply as a point of departure the practices of the civil service of the country used as a comparator for salary purposes, the United States of America. The relevant information should be provided without delay, so that the Assembly could take informed decisions on those matters.

5. Given the growth of field operations and the increasingly integrated engagement of United Nations entities in complex peace operations, there was a need for a coherent approach to the issue of entitlements of internationally recruited staff serving at non-family duty stations. The efforts made by organizations to harmonize practices in that area were welcome. However, the Commission, too, must play a role in defining a global common system approach.

6. It had been proposed that, in the light of the evolution of the United Nations/United States net remuneration margin, salaries of staff in the Professional and higher categories should be increased with a view to closing the gap over time. In that connection, she noted that the German and Swiss civil services, which had been considered among the most generous in the world and which had been studied as possible replacements for the United States federal civil service as the comparator, had restricted the benefits they offered, linked salary increases to performance, lengthened working hours and reduced or capped pensions.

7. While the three delegations did not object to the Commission's proposals on contractual arrangements, they would seek further information in informal consultations on the link between type of contract and entitlements and on the application of the new framework of guidelines to appointments of limited duration, in peacekeeping operations, for example.

8. Lastly, she pointed out that the General Assembly had yet to take action on the report of the Panel on the Strengthening of the International Civil Service (A/59/153). However, at a time when the Assembly was re-examining all features of the Organization's system of governance with a view to making them

more effective, accountable and transparent, the Panel's recommendations on the qualifications, selection and term of office of members of the Commission were more pertinent than ever.

9. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that an effective and efficient international civil service was essential for the success of all the participating organizations of the common system. United Nations staff must therefore be provided with the best conditions of service, so as to ensure optimum performance. In that regard, the Group appreciated the work of ICSC, which played a vital role in the management of human resources.

10. With regard to the review of the pay and benefits system, the Group looked forward to considering the annual updates on the pilot study on broadbanding reward for contribution, which should indicate whether the goals envisaged were being achieved, what enhancements might be required and how broadbanding reward for contribution was affecting staff morale in the volunteer organizations. In that connection, it was important to have genuine consultations with staff. The Group agreed that any deviation from the modalities for the conduct of the study would require the Commission's prior approval.

11. The Group welcomed the Commission's decision to modernize and simplify allowances, while ensuring equity and transparency. The changes contemplated would reduce administrative costs and improve efficiency. The distinction in remuneration between staff with and without primary dependants should be maintained, as should the current ratios between the single and dependency rates of the base/floor salary scale. The Group had taken note of the Commission's decisions on the mobility hardship, non-removal and assignment grant schemes and its definition of new criteria for the application of hazard pay and would seek further information on those matters in informal consultations.

12. The Group appreciated the Commission's efforts to rationalize contractual arrangements. In that connection, it wished to emphasize the importance of job security for ensuring the impartiality, independence and integrity of staff.

13. With regard to the note by the Secretary-General on the Senior Management Network (A/60/209), the Group would require further clarification of the role of the Network in strengthening management capabilities across the United Nations system, its functioning in relation to other senior management structures established in the context of the reform process, and the criteria for the inclusion of staff in the Network.

14. **Mr. Torres Lépori** (Argentina), speaking on behalf of the Rio Group, said that the Group wished to reaffirm the importance of the United Nations common system and the fundamental role played by ICSC in regulating and coordinating conditions of service in the participating organizations. It appreciated the Commission's efforts to address the proliferation of contractual arrangements; the proposed framework of guidelines was consistent, while giving organizations sufficient flexibility to recruit staff. The Group also welcomed the Commission's decisions on hazard pay, including the expansion of the criteria for payment. It noted with interest the proposed changes in the application of the mobility and hardship scheme and would follow closely the review of the methodology for determining the level of the education grant.

15. In considering the remuneration of United Nations officials, the Commission should bear in mind the need to attract the most qualified staff by providing the best conditions of service, in accordance with the Noblemaire principle.

16. Lastly, the Group wished to underscore that it could not accept any measure that might infringe on the independence of ICSC.

17. **Mr. Shen** Yanjie (China) welcomed the progress made by the organizations participating in the pilot study on broadbanding, which illustrated the will of the executive heads of the organizations in question to improve the existing pay and benefits system and enhance performance. However, the test modalities should remain strictly in line with the direction agreed by the General Assembly and the International Civil Service Commission (ICSC) and accordingly, to ensure that the study yielded reasonable results, any deviation from those modalities would require the Commission's prior approval. The tests should also incorporate scientific and rational performance appraisal criteria, which would reflect the spirit of performance management and facilitate the implementation of the pay-for-performance system. The Commission should strengthen its communications with the participating organizations and other interested parties in order to provide the necessary policy guidance and should also

conduct a review of the experience for further consideration by the General Assembly.

18. With regard to contractual arrangements, the ICSC report contained a framework of guidelines for the introduction of three categories of appointments (continuing, fixed-term and temporary). In order to enhance performance, increase efficiency, maintain the vitality of the workforce and meet the Organization's operational needs, continuing appointments should gradually replace permanent contracts. Care should be taken, however, to ensure that they did not become de facto permanent contracts and, accordingly, they should be subject to periodic review on the basis of clearly defined criteria which took account, inter alia, of whether performance expectations had been met and whether the relevant standards of conduct had been upheld. In addition, continuing appointments should have a high threshold in terms of years of service. However, in order to enhance managerial flexibility, the Chinese delegation welcomed the expanded use of fixed-term contracts.

19. With regard to the redesignation of the Senior Management Service as the Senior Management Network, China welcomed the efforts of the United Nations System Chief Executives Board for Coordination to take proactive measures to enhance managerial and governance capacity and strengthen system-wide unity and synergy. However, the introduction of leadership and managerial development tools should proceed within existing resources and should not lead to requests for additional posts or budgetary allocations.

20. He had studied carefully the report of the Panel on the Strengthening of the International Civil Service (A/59/153) and was concerned that the Panel had made policy recommendations which fell outside the scope of its mandate. ICSC was an independent body and, as such, played a key role in defining and coordinating the conditions of service of staff in the common system. However, the General Assembly and the administrative heads of the agencies were also involved in efforts to modernize human resources management and, accordingly, ICSC must further enhance its communication and coordination with them so that, together, they could better respond to the challenges faced by the common system.

21. **Mr. Kovalenko** (Russian Federation) said that the Commission was to be commended for the considerable work it had done in examining issues related to human resources management reform and for its review of the pay and benefits system. With regard to the pilot study on broadbanding reward for contribution, his delegation was concerned about the lack of an adequate performance appraisal system and about the possible financial implications of introducing performance-related pay. Before the General Assembly took any decision on the matter, the Commission must demonstrate that the new system of remuneration would result in improved performance and be more effective than the existing one. Any such system could be effective only if it was combined with more flexible contractual arrangements and greater delegation of authority to managers, including with respect to hiring and firing.

22. His delegation welcomed the new mobility and hardship schemes and, in particular, the Commission's decision to delink the mobility and hardship allowances from the base/floor salary scale. It noted with satisfaction that, under the new arrangements, payments for service in hardship locations would be increased, while the mobility and non-removal allowances would be cut, and that those changes would be introduced on a cost-neutral basis. At the same time, it had serious concerns about the Commission's recommendation that implementation of the new arrangements should be deferred to 1 July 2006. Presumably, payments under the old system would be automatically increased on 1 January 2006, in line with the proposed upward adjustment of the base/floor salary scale. The amounts would then have to be reviewed when the new system was introduced; that could lead to claims by staff members that their acquired rights were being infringed. Moreover, should the General Assembly approve the Secretary-General's proposals with respect to mandatory mobility, the continued payment of mobility allowance would no longer be justified.

23. With regard to the proposed upward adjustment of the base/floor salary scale, he noted that the Advisory Committee had requested the Administration to demonstrate whether such an adjustment, when implemented through the method of consolidating post adjustment multiplier points, would actually involve no additional cost for the United Nations. He trusted that the Advisory Committee would clarify its concerns in that regard in informal consultations.

24. The Commission had agreed with the rationale for maintaining two separate regimes with respect to entitlements of internationally recruited staff serving in non-family duty stations. It was to be hoped that that would put an end to the discussion of the possibility of providing a more generous package of benefits, along the lines of that offered by the United Nations funds and programmes, to military and police personnel and civilian staff serving in peacekeeping operations. At the same time, the Commission should keep under review the entitlements of staff of funds and programmes serving in the field, so as to bring any unjustified increase to the attention of the General Assembly.

25. His delegation had noted the Commission's intention to continue its review of the methodology for determining the level of the education grant and to pursue its consideration of job evaluation standards for the General Service and related categories. The Commission should also follow closely the activities of the Senior Management Network with a view to alerting the General Assembly in a timely manner should the Network deviate from its terms of reference, as set out in paragraph 6 of document A/60/269. His delegation considered that the objectives listed in that paragraph could have been achieved without creating a network for that purpose. Moreover, it was concerned that the new mechanism would use up a significant portion of the already limited training budgets of participating organizations.

26. Lastly, in considering the report of the Panel on the Strengthening of the International Civil Service (A/59/153), his delegation would be guided by its desire for a stronger ICSC and by the need to reaffirm the decisive role of Member States in appointing the Commission's members and to maintain the existing tripartite consultation process.

27. **Mr. Yamamoto** (Japan) said that his delegation had always fully supported the common system, which not only enabled each participating organization to avoid burdensome administrative arrangements but also ensured equal and consistent conditions of service, thereby eliminating unnecessary competition.

28. Japan welcomed the ongoing efforts to implement the pilot study on broadbanding pay for performance and expressed general support for the introduction of those initiatives as a means of ensuring that the pay and benefits system reflected staff performance. In that connection, a fair and reliable performance appraisal system was indispensable and measures to prevent soaring personnel costs were also required. Although ICSC had decided to maintain the distinction in remuneration between staff with and without primary dependants, the issue of spouse benefits should be addressed in the context of the introduction of broadbanding and pay for performance. Japan also welcomed the Commission's decisions on the mobility and hardship allowance and contractual arrangements.

29. Lastly, while ICSC had endorsed the proposed change from mission subsistence allowance to the after-60-day daily subsistence allowance rate as the basis for calculating the special operations living allowance under the special operations approach, his delegation had concerns about that proposal. Mission subsistence allowance rates were subject to reductions to reflect accommodations and/or food provided by the Organization, a fact that should be taken fully into consideration when addressing the issue. Japan would like further clarification on that question during informal consultations.

30. **Mr. Debabeche** (Algeria) said that ICSC played a valuable role by promoting the effective use of resources in the United Nations. At a time when ethical issues were being discussed in the context of the reform programme, his delegation hoped that the Commission would be involved closely in that aspect of the reform.

31. **Ms. Udo** (Nigeria) said that at the 9th meeting the representative of the Federation of International Civil Servants' Associations (FICSA) had made a number of statements on which her delegation would welcome clarification.

32. For example, he had said that the staff stood and watched as bystanders rather than as active participants in the process of reforming the United Nations system, and also that, as a result of developments in recent years, the conditions of staff had been scrutinized and their abilities and dedication questioned, and that there had been a clear drift away from the principles underlying a true international civil service. Finally, he had mentioned the crucial issue of staff security, referring to two goals that still remained to be fulfilled in order achieve a viable and strong unified security management system.

33. In conclusion, she said that her delegation was pleased to note that FICSA was collaborating with

ICSC and that its views had been taken into account in the report, even if only in abridged form as a result of limitations on the length of documents.

34. **The Chairman** reminded the Committee of the provisions of paragraph 5 of resolution 35/213 in which the General Assembly had noted that, if questions were posed by members of the Fifth Committee in response to statements made by a representative of FICSA, they could be answered in writing by the representative of the Association in a single supplementary document submitted through the Secretary-General. On that basis, the delegation of Nigeria could expect to receive the response from FICSA through the appropriate channels.

35. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission), responding to representatives who had expressed concerns or asked questions on the Commission's report (A/60/30), said that the views expressed would, as always, be treated with great attention by the Commission.

36. Some delegations had expressed concern about the pilot study of broadbanding reward for contribution, which they considered to be a deviation from the parameters set earlier by the Commission. In reply, he said that the modalities that had been submitted by the Commission in its report to the General Assembly in 2004 for the conduct of the pilot study had been developed over time with the full participation of representatives of the organizations and staff and had been agreed to by all parties. The problem that had arisen was that one organization was seeking to broaden the modalities to meet certain organizational requirements. It had informed the Commission of those needs and, insofar as they did not depart from the framework, the Commission was prepared to consider that organization's request. He emphasized that the Commission had closely monitored the progress of the pilot study in the participating organizations and that it adhered to the agreed modalities and to the provisions of General Assembly resolution 59/268.

37. With regard to contractual arrangements, the question had been asked whether standard separation procedures currently applied to staff on fixed-term contracts and, if that were not the case, what would be the additional cost and the rationale for adopting such procedures. In reply he said that, according to current practice, standard separation procedures applied across all organizations in the United Nations system for staff on fixed-term contracts, as defined in the framework developed by the Commission. The framework addressed normal separation procedures and the Commission did not foresee that additional costs would be generated as a result of implementing them.

38. Concern had been expressed about the proposed implementation date of 1 July 2006 for the new mobility and hardship arrangements. Clarification had also been sought on the financial and legal implications resulting from the choice of date. He explained that the proposed implementation date of 1 July 2006 had been set in response to a plea from organizations indicating that it would not be feasible to begin implementation on 1 January 2006 because of the difficulties associated with the reprogramming of the organizations' payroll systems following the approval by the General Assembly. As indicated in the Commission's report, the financial implications would be $1.19 million. Should the General Assembly endorse an implementation date of 1 July 2006 for the mobility and hardship arrangements, and an implementation date of 1 January 2006 for increasing the base floor salary scale, the Commission did not foresee any legal implications with regard to the new arrangements.

39. In response to a request for clarification on the rationale for not distinguishing headquarters duty stations from other stations, he pointed out that the purpose of the mobility and hardship payments was to compensate for service at difficult duty stations and to encourage mobility. Under the current scheme conditions were established for mobility payments to staff moving to headquarters duty stations that were more stringent than conditions defined for staff mobility in the field. By developing the arrangement on that premise, and noting that any movement presented difficulties for the staff member, the working group had agreed that mobility payments should be continued for all duty stations. While accepting the recommendation of the working group, the Commission intended to revisit the issue at the time of the next review. The proposal before the Committee was the result of cooperation and compromise. The Commission was convinced that the new arrangements, which were cost neutral, were a more appropriate reflection of the concerns of the General Assembly in that automatic increases in entitlements were no longer triggered by base floor salary increases, and clea

indicators for review would apply in future. The Commission would pragmatically review the arrangements at the appointed time and would report regularly to the General Assembly. Noting with appreciation the support of Member States for the cooperative efforts of the working group in arriving at a consensus on mobility and hardship payments, he said that the use of a working group was not a new departure; the Commission had used such groups for many years in order to tackle complex and sensitive issues on its work programme and it intended to continue that practice, subject to budgetary constraints.

40. The Commission would continue to pursue the grade equivalency studies between the United Nations common system and its comparator and would report to the General Assembly at its sixty-first session.

41. The scope for compliance in the future with the request for more substance in the report on implementation by organizations would be explored in the light of the constraints imposed in the interest of streamlined reporting.

42. It had been stated that the Commission had not replied to one request by the General Assembly concerning the entities that were taken as comparators for purposes of entitlements and allowances. He assured the Committee that a reply had been provided and that the details were contained in a substantial document which would be made available to any delegation interested in receiving the full details.

43. In conclusion, he said that the Commission had difficulty reporting within the document limitation imposed by the General Assembly and that, consequently, many details had been omitted. However, detailed replies could be provided to any questions whether in the informals or otherwise. In that connection, he apologized for the fact that the supporting documentation would be in English only.

Agenda item 132: Report of the Secretary-General on the activities of the Office of Internal Oversight Services *(continued)*

Implementation of the recommendations of the Office of Internal Oversight Services on the management audit of the regional commissions (continued) (A/60/378)

44. **Ms. Taylor Roberts** (Jamaica), speaking on behalf of the Group of 77 and China, said that the regional commissions had significant responsibilities in the area of promoting the Organization's development agenda. They represented the first point of contact between the United Nations and its global constituency and had, in addition, been entrusted with following up the implementation of the Millennium Development Goals and the outcomes of major conferences. The Group of 77 and China therefore welcomed the commissions' efforts to align their programmes of work and structures with those additional mandates, while recognizing that each commission operated in a different economic and institutional environment. It also stressed the valuable support lent by the commissions to various regional initiatives.

45. She acknowledged the importance of efficient and effective management practices and welcomed the fact that most of the recommendations of the Office of Internal Oversight Services (OIOS) had been implemented or would be under implementation in 2006. She also commended the regional commissions for their efforts to streamline their structures and functions. However, the Secretary-General must ensure that the Secretariat provided the necessary support to the regional commissions. A coordinated approach was essential to the implementation of the comprehensive communication strategy and the reduction of the ongoing high vacancy rates. Without adequate engagement, interaction and coordination between Headquarters and the commissions, the collective efforts to support the Organization's development agenda might be compromised.

46. Lastly, while the commissions must utilize their resources in the most effective manner, Member States had a collective responsibility to provide them with adequate funds. It would be unrealistic to expect them to depend on extrabudgetary resources for the implementation of core mandates.

47. **Mr. Yoo** Dae-jong (Republic of Korea) noted that the level of implementation of the OIOS recommendations varied from commission to commission. The executive secretaries must therefore play a more proactive role in ensuring that audit recommendations were implemented. The report in document A/60/378 should have given more specific and detailed information on the implementation status of the recommendations and, where possible, statistics on implementation levels. Lastly, a theme common to most of the recommendations was the need to avoid duplication, strengthen coordination and share best practices. Accordingly, consideration should be given

to developing a more systematic mechanism for consultation among all the commissions.

48. **Mr. Rahman** (Acting Chief of the Regional Commissions New York Office) said that he had taken note of the views expressed by delegations. As he had pointed out in his introductory statement (AC.5/60/SR.8), some of the OIOS recommendations had been implemented and others were under implementation. The chiefs of programme planning of the regional commissions met annually to discuss oversight recommendations and ensure that they were followed up in an appropriate manner. Those meetings also served as a forum for exchanging experiences and best practices. At their most recent meeting in Beirut, the chiefs had decided to establish two working groups to oversee the implementation of specific recommendations. One working group, to be chaired by the Economic and Social Commission for Asia and the Pacific (ESCAP), was responsible for the recommendation on self-evaluations (recommendation 5) and the other working group, to be chaired by the Economic Commission for Latin America and the Caribbean (ECLAC), was responsible for the recommendation on publications (recommendation 9). The groups were due to complete their work by the end of 2006 and it was hoped that the relevant recommendations would be fully implemented by that time. In addition, an Internet bulletin board had been set up to facilitate the exchange of information among the regional commissions.

49. In response to the remarks made by the representative of Jamaica, he said that, despite their best fund-raising efforts, the regional commissions had access to very limited extrabudgetary resources. Given that overdependence on such resources could jeopardize programme implementation, the commissions' core mandates must be funded primarily through assessed resources.

The meeting rose at 11.30 a.m.

United Nations A/C.5/60/SR.11

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Summary record of the 11th meeting
Held at Headquarters, New York, on Monday, 24 October 2005, at 10 a.m.

Chairman: Mr. Ashe (Antigua and Barbuda)
Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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05-59586 (E)

The meeting was called to order at 10 a.m.

Organization of work

1. **The Chairman** said that if there was no objection he would take it that the Committee approved the programme of work proposed by the Bureau for the remainder of the main part of the sixtieth session, which had been circulated in an informal paper.

2. *It was so decided.*

The meeting was suspended at 10.05 a.m. and resumed at 10.10 a.m.

Agenda item 138: Financing of the United Nations Operation in Côte d'Ivoire (A/60/364 and A/60/420)

3. **Mr. Sach** (Controller), introducing the report of the Secretary-General on the revised budget for the United Nations Operation in Côte d'Ivoire for the period from 1 July 2005 to 30 June 2006, said that by its resolution 1609 (2005) the Security Council had extended the mandate of the United Nations Operation in Côte d'Ivoire (UNOCI) for a period of seven months until 24 January 2006. The Council had also authorized an increase in the strength of the military and civilian police components of up to 850 additional military personnel and a ceiling of 725 civilian police personnel, including three formed police units, and the necessary additional civilian personnel.

4. As a result, the existing budget would need to be increased by $55.6 million (15.1 per cent) to $423.1 million. If the increase was approved there would be a phased deployment of the additional 850 contingent personnel, 375 formed police officers, and 160 civilian staff comprised of 32 international and 48 national staff, including one National Officer and 20 United Nations Volunteers. The Operation's authorized and proposed personnel strength would rise to a total of 7,090 military personnel, including 200 military observers and 120 headquarters staff officers, as well as 725 civilian police officers, 8 Correction Officers, and 1,228 civilian staff.

5. The resources presented in the revised budget would take care of the additional requirements. The actions to be taken by the General Assembly in terms of appropriation and assessment were set out in paragraph 24 of the report.

6. **Mr. Saha** (Acting Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the item (A/60/420), said that the Secretary-General's report should be read in conjunction with his report on the initial budget proposals for the period (A/59/750) and the related report of the Advisory Committee (A/59/736/Add.15), which had reviewed in detail the results-based framework, staffing, operational costs and other administrative matters.

7. In its current report the Advisory Committee was recommending a reduction of nearly $4.4 million gross, most of it relating to the Fifth Committee's recommendation for an increase in the budgeted vacancy rate to 25 per cent for international staff. Another element in the reduction related to delays in deployment which, according to information received from the Secretariat, should lead to a further cost reduction of some $300,000 under the civilian personnel component for national staff and United Nations Volunteers.

8. In the area of electoral assistance, the Advisory Committee requested UNOCI to coordinate closely with the Office of the High Representative for the Elections in Côte d'Ivoire. It also trusted that the recruitment and deployment of electoral officers would be directly linked to developments in the electoral process.

9. **Ms. Lock** (South Africa), speaking on behalf of the African Group, said that the revised budget reflected the additional resource requirements associated with the revisions to the Operation's mandate. The African Group hoped that the Committee would focus on the revisions to the budget and not reopen elements of it that had been approved by the General Assembly in June 2005.

10. She reviewed the history of the consideration of the question by the Security Council and the Peace and Security Council of the African Union and noted that the Security Council had expressed the intention of reviewing the troop level by the end of the Operation's current mandate in January 2006. The African Group trusted that the Security Council would give serious consideration at that time to the need to increase the Operation's strength.

11. The Group had taken note of the recommendations and observations of the Advisory

Committee and endorsed its commendation of UNOCI for presenting the additional and revised elements of the results-based framework in a clear manner. Since its first budget submission in 2004 the administration of UNOCI had made considerable efforts to address the Committee's initial observations and those of ACABQ. Those efforts were all the more commendable, as UNOCI had had to submit a number of budgets outside of the normal cycle for the preparation and submission of peacekeeping budgets. The Group shared the Advisory Committee's concern about the high vacancy rates at UNOCI and called on the Secretariat to make a more concerted effort to recruit and retain staff in view of the competing efforts by other operations in the same region. While the crisis in November 2004 had forced the Operation to halt recruitment, it should now be able to fill the vacancies with greater ease, especially at the national and regional levels.

12. The Secretary-General had recently reaffirmed the commitment of the United Nations to work with the African Union and the Economic Community of West African States (ECOWAS) to assist the people of Côte d'Ivoire in achieving a peaceful and durable settlement of the crisis. The framework for achieving that objective was in place and a solution could be found through dialogue and consultation with the support of the international community. The efforts being made in Côte d'Ivoire were yet another example of the growing cooperation between the United Nations and the African Union in the area of peacekeeping.

13. **Mr. Banny** (Côte d'Ivoire) said that his delegation's position on the item had been clearly endorsed by the Group of 77 and China and by the African Group in particular, as well as by a number of individual delegations. Côte d'Ivoire was asking the international community to support it on the road to peace. UNOCI was playing a major role in securing the stabilization of the situation and the resumption of the national dialogue. Côte d'Ivoire hoped that the Committee would approve the revised budget and thus provide UNOCI with the means to continue its work.

The meeting rose at 10.25 a.m.